LOHO STATE

BULLETINI OF THE NATIONAL ASSOCIATION OF CREDIT MEN



AUGUST, 1916

Published Monthly by
J. H. TREGOE, Secy-Treas.
41 Park Row, New York

The Proceedings of the Pittsburgh Convention
Are Presented in This Issue

THE attention of the membership of the National Association of Credit Men is invited to the advertisements that appear in the Bulletin from month to month. The amount of space sold to advertisers is small, largely due to the close scrutiny given to advertisements offered and the fact that advertising contracts are not aggressively sought.

The committee in charge feels that the Bulletin should take no chance in accepting advertising which could possibly bring criticism upon the Bulletin or the Association, that while the net proceeds are for an object close to the heart of credit grantors—namely the investigation and prosecution of commercial fraud—the cause will not justify the taking of an advertisement which might tend to compromise, in any sense, the secure position of the Association.

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"Making Him Pay"

Turning Him Down"

You will never be at a loss what to write to a delinquent account

(Making Him Pay), or to a merchant with impaired credit (Turning Him Down), if you have copies of these two books at your elbow. And what you write will be so diplomatic that you will never offend.

Howe Scale Co., San Francisco, Cal.
"'Making Him Pay' is a great help
to us in making some of our slow
collections."

The Rome Furniture Mfg. Co., Rome, Ga. "We know that by a careful perusal of your various letters, we can get ideas to combine with our own natura! way of writing that will be of great help and benefit to us in our work. 'Making Him Pay' has increased our collections very materially."

By M. G. McDonald, President.

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Henry N. Ottenberg & Co., New York City. "'Making Him Pay' does make him pay if there is a spark of paying in the debtor."

Liquid Carbonic Co. "We assure you that "Making Him Pay" has exceeded our expectations. We strongly recommend Mr. Lawrence's books to all credit men."

Columbus Buggy Co., Columbus, O. "Our office is using your book, 'Making Him Pay." The boys tell me it is fine and that they are deriving benefit from it."

J. F. Firestone, President.

Hopkinsville, Ky.

"The writer has read a copy of Turning Him Down' and finds among the collections of letters some very diplomatic and forceful arguments turning down the undesirable debtor, while, at the same time, not being offensive, and leaving him in a friendly attitude toward the Company and open to further solicitation if he should ever get in financial condition to desire his business."

FORBES MFG. CO., Per A. H. Eckles, Treas. (Agricultural Implements.)

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Peoples State Bank	Detroit
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ANNOUNCEMENT

Because of the advance in the cost of materials, we have been compelled to establish a new schedule of prices for the Association's Standard Blanks, as follows:

Trade Inquiry Form

500, \$4.25

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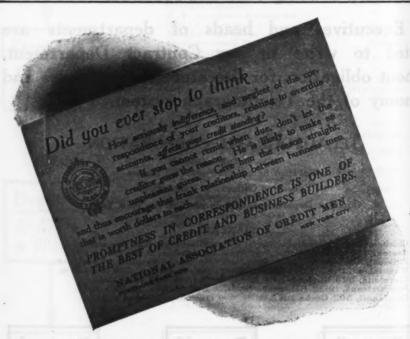
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	500		6.25	500			4.50
	250		4.25	300	7	*	3.00
	100		2.75	100			1.65

All prices include imprint of name and address of purchaser Samples upon application to

National Association of Credit Men

41 Park Row, New York, N. Y.



This card is offered by the Association at cost price: \$2.50 per thousand or, in lots of five hundred, \$1.50, carriage collect. Size, 5½ x 8½, to fit ordinary business envelope.

Order as "Correspondence Card"

National Association of Credit Men

PROCEEDINGS

OF THE

TWENTY FIRST ANNUAL CONVENTION OF THE NATIONAL ASSOCIATION OF CREDIT MEN HELD AT PITTSBURGH, PA. JUNE 13-16, 1916



National Association of Credit Men Forty-one Park Row New York, N. Y.

BULLETIN of the National Association of Credit Men

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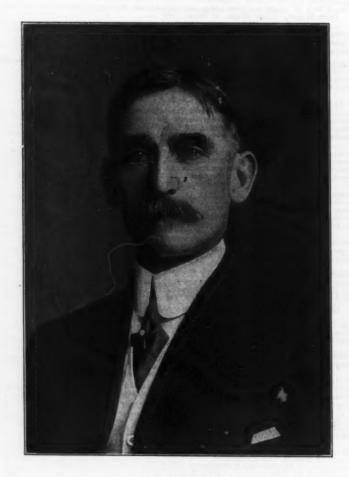
NEW YORK, AUGUST 15, 1916

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The A. Colburn Company, Philadelphia, Pa.
President



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FRANK S. FLAGG Morse & Rogers, New York, N. Y. Second Vice-President

Proceedings of the Twenty-First Annual Convention of the National Association of Credit Men, Held at Pittsburgh, Pa., on June 13th, 14th, 15th and 16th, 1916

The opening session of the twenty-first annual convention of the National Association of Credit Men was called to order at 10 o'clock in the forenoon, Tuesday, June 13, 1916, by President H. G. Moore.

PRESIDENT MOORE.—This convention is now duly organized and will come to order. The invocation will be by the Right Reverend Bishop Portland Whitehead, of the diocese of Western Pennsylvania.

Bishop Whitehead then pronounced the invocation.

PRESIDENT MOORE.—It would seem to me that at no time previous to this in the history of our country has there been a greater demand for patriotism. Upon the right and upon the left you see the beautiful flag, and I wish that we could go further in the opening exercise of this Association and sing just one verse of "My Country," Tis of Thee." Will you all rise and will our glee club kindly lead us in the first verse of "America"? (Singing.)

We are to be welcomed to this city this morning by one of our friends, one who has labored many years in our Association, one to whom you have given national recognition, a gentleman who needs

no introduction, the Hon. Enoch Rauh. (Applause.)

ADDRESS OF WELCOME IN BEHALF OF THE STATE OF PENNSYLVANIA AND CITY OF PITTSBURGH BY THE HON. ENOCH RAUH

Ladies and Gentlemen of the Convention:

I express regret at the fact that Hon. Joseph C. Armstrong finds it impossible to be present to perform the very agreeable function himself, but, on the other hand, I am filled with a sincere measure of pleasure in having been appointed by him to represent

Pittsburgh in such a delightful capacity.

It is coincidental, but at the same time appropriate and gratifying, for me to be welcoming this monster group of credit men and their guests on this memorable occasion, since I have devoted a goodly portion of my life to the work in the field of creditdom as well as in municipal government. As a member of Pittsburgh's council of nine for five years, as president of the local association of credit men for six consecutive years, and as its present honorary president, I cannot refrain from admitting that this is a double honor and a singularly happy day in my public career. Nor is this all. The National Association's work is not new to me, for I have served until only a few years ago as a director and one of the vice-presidents of the national body of credit men.

Therefore I greet you on behalf of a metropolitan community numbering over 1,000,000 thrifty and industrious citizens, as a

representative of that city and as a fellow worker.

You will be entertained by men and women of the Pittsburgh Association of Credit Men who have moved mountains and rebuilt a city to make this national convention as enjoyable and successful as any in history; and you have come to the "home of hospitality," for Pittsburgh is prepared to give you an overwhelming and hearty reception. The sessions of the convention this year undoubtedly will be fraught with much interest, since a splendid galaxy of speakers has been secured. The entertainment you will be offered as part of the program of the gathering will give you a glimpse of this thriving and pulsating seat of industry and art.

We bid you all, therefore, our sincerest welcome and hope your stay in our midst will be filled with great happiness and that on your return to your homes you will feel that it has been a privilege to have visited this metropolis at the head of the Ohio. I thank you

(Great applause.)

PRESIDENT MOORE.—Mr. Rauh has spoken to you on behalf of the state and city. Another faithful soldier, Col. James E. Porter, will welcome you. (Audience rises and applauds.) Col. Porter will welcome you on behalf of the Pittsburgh association.

ADDRESS OF WELCOME ON BEHALF OF PITTSBURGH ASSOCIATION OF CREDIT MEN BY PRESIDENT JAMES E. PORTER

Mr. President, Ladies and Gentlemen:

I wonder who ever conceived the idea that I, in five minutes, could say all I would like to say to an audience like this, particularly when there are so many ladies around on the outskirts of this convention.

Why, Mr. President, I would like to talk five minutes to the ladies alone, and I am going to do it before this convention ends, if

they give me half a chance.

PRESIDENT MOORE.—You will have to beat me to it, Col. Porter. Col. Porter.—The gentleman who preceded me has told you all that it is necessary for you to know about Pittsburgh. You are here not for business but for pleasure and we want you to have the very best time of your lives. In fact, I rather surmise that only your innate courtesy prevents you from asking me to cut my remarks short. (Laughter.) I will do that in recognition of the very courteous reception you have given me.

On behalf of the Pittsburgh Association of Credit Men, an association comprising eight hundred and more men, it is my pleasant privilege to welcome you to Pittsburgh. Ladies, did you notice with what emphasis I said "800 men"? This is Leap Year and you will find all of that 800 men, every man of them ready and willing to see that you have a splendid time so long as you can remain with

us. (Laughter and applause.)

We welcome you delegates to this convention no matter whence you came, whether it be from the rockbound coasts of New England, from the great financial center of the world, where I am told the world's extreme is just beyond Hoboken, from that great metropolis of the northern lakes, where the gentle breezes soothe you to slumber, from the zenith city of the unsalted seas, from the far North,

where rolls the Oregon and hears no sound save its own lashing, from that vast extent of country from the Atlantic along the Gulf to the Rio Grande which we love to call Dixie, (Applause) where the orange blossoms grow and the palm trees rise, from that faraway sunset line, where the grape grows ripe under sunny skies—we welcome you every one to Pittsburgh. (Applause.)

You have been told of the greatness of our city industrially and



JAMES E. PORTER
Firth-Sterling Steel Company, McKeesport, Pa.
Director

financially, and we want to show you as though you all came from Missouri that there are other things in Pittsburgh worth living for, that this is an educational and art center second to none in this country. When you are taken out on some of the trips which you will take during the week, your attention will be directed to numerous buildings having cost one, three, five, seven millions of dollars. We want you to look them over carefully and tell us if you think we got the worth of our money. If your guide only talks to you in

millions, we don't want you to conclude that there isn't any money less than millions. It is true we have a number of highly respectable millionaires, not malefactors of great wealth, and then there are a great many others of us who have millions to get. (Laughter.)

The entertainment committee has been busy for some months looking forward with pleasure to the coming of the ladies, and if the Weather Bureau can be subsidized, I have no doubt nothing will

interfere with your pleasure during your stay.

We want you to see Pittsburgh as it is, as it really is, see where we live, and not see it as the casual visitor sees it. Every city has its fine residences, elegant blocks and beautiful avenues, but we want to take you out and show all of these things to you by the square mile. We are going to do it. (Applause.)

PRESIDENT MOORE.—On behalf of the entire United States, and our associations therefrom, with the exception of Dixie, these responses will be replied to by our friend Charles R. Clapp, of Toledo, Ohio.

RESPONSE TO ADDRESSES OF WELCOME, CHARLES R. CLAPP, TOLEDO

Mr. President, Ladies and Gentlemen and Fellow Delegates:

Joseph Jefferson, I think it was, who said, "All the people of the world are divided into two classes—those who are anxious to make a speech and those who are not." (Laughter.) He said that if one belonged to the latter class and was compelled to make a speech, he should do it cheerfully.

When the summons came from our general secretary that I was to be here to-day in this capacity, I accepted with all the cheerfulness that my naturally timid and retiring nature would permit.

I have always had a great sympathy for a certain lawyer over in Ohio. He was elected to the legislature from a small but growing community. When the committees were selected, much to his pleasure he found that he was chairman of the prison committee. Being conscious of the fact that he must serve his constituents well, he felt it was his duty to learn all about prisons. So naturally he went down to the prison and had an interview with the warden. The warden said, "I think the best thing for you to do would be to come here on Sunday afternoon when the boys are all in chapel and you will get a good chance to look them over."

Properly arrayed in a long black coat and a white tie, he appeared on Sunday afternoon at the appointed time. The warden asked him to the platform, and then the warden arose and said. "We have with us to-day a very important personage, Mr. Smith, who is chairman of the prison committee, and I am sure that we will all be glad to hear him." Smith didn't know that he was going to be called on to speak, but he arose and stepped forward and said "Gentlemen." That didn't sound just right. (Laughter.) So he backed up and started over again. He said, "Fellow convicts." (Laughter.) That didn't seem just right, so he threw off all reserve

and stepped forward and said, "Boys, you see that I am somewhat embarrassed to know how to address you, but there is one thing certain, I am glad to see so many of you here." (Laughter.)

Mr. President, I believe that you are glad to see so many of us here, and I have listened with great pleasure to your warmest greetings of hospitality, and I accept them on behalf of all the delegates whom I represent, and I don't know just where the line is. There are among us those who have visited this city before and are partially familiar with it, and I know that they can readily understand, with your spirit of friendliness and with your capable guidance, how we could spend the days set apart for this convention in visiting your wonderful works of industry, your spacious and beautiful parks, your delightful residential district, your magnificent museums of art, your remarkable university buildings, your elegant, luxurious clubs. There are those among us destined to live in a rolling or flat country where the vision of the eye is only broken by the low line of the horizon, who would find great exhilaration in roaming over your beautiful green-covered hills. There are those among us who as they walk or ride down to their places of business every morning with the clear, blue sky above them and with the bright, cheerful rays of the sun shedding its warmth and glory all about them, would experience indeed a rare and novel treat should they climb your surrounding heights and look across the valley in which this city of 2,000,000 souls is embosomed and observe for themselves the truthfulness of the statement which they have often heard but could not believe, that here is a city whose inhabitants are proud of the fact that through the canopy of smoke they can but dimly see the starlit sky above them, and upon whom the sun has scarcely shed a clear or distinct shadow except on Sundays and holidays. (Laughter.)

However, Mr. President, all these joys must be denied, not because of any lack of courtesy or generosity on your part, but because the delegates here assembled, representing nearly every state in the union, have journeyed hundreds of miles for the purpose of getting better acquainted, of listening to and taking part in the

great number of topics that are to be discussed.

The hours that are spent in these meetings do not represent the entire result of this convention. The great living, tangible benefit will be found in the broadening of acquaintanceship, in the added information and the abiding inspiration that will go back from these halls to the associations which we represent, imparting to them a greater zeal and a more comprehensive understanding of the important work in which we are engaged.

There never was a time in the history of this Association when the credit man should be more keenly alive to the tremendous responsibility resting upon his position or more thoroughly impressed with the realization of the truth that the proper solution of his perplexing questions of inflated business which present themselves to-day is of the utmost importance not only to all of us but to those

who follow us for many years to come.

I am deeply impressed both with the dignity and importance of this convention, and I am conscious that we are all anxious and eager to enter upon the real business of this meeting, but before



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Firth-Sterling Steel Company, McKeesport, Pa.
Director

financially, and we want to show you as though you all came from Missouri that there are other things in Pittsburgh worth living for, that this is an educational and art center second to none in this country. When you are taken out on some of the trips which you will take during the week, your attention will be directed to numerous buildings having cost one, three, five, seven millions of dollars. We want you to look them over carefully and tell us if you think we got the worth of our money. If your guide only talks to you in

millions, we don't want you to conclude that there isn't any money less than millions. It is true we have a number of highly respectable millionaires, not malefactors of great wealth, and then there are a great many others of us who have millions to get. (Laughter.)

The entertainment committee has been busy for some months looking forward with pleasure to the coming of the ladies, and if the Weather Bureau can be subsidized, I have no doubt nothing will

interfere with your pleasure during your stay.

We want you to see Pittsburgh as it is, as it really is, see where we live, and not see it as the casual visitor sees it. Every city has its fine residences, elegant blocks and beautiful avenues, but we want to take you out and show all of these things to you by the square mile. We are going to do it. (Applause.)

PRESIDENT MOORE.—On behalf of the entire United States, and our associations therefrom, with the exception of Dixie, these responses will be replied to by our friend Charles R. Clapp, of Toledo, Ohio.

RESPONSE TO ADDRESSES OF WELCOME, CHARLES R. CLAPP, TOLEDO

Mr. President, Ladies and Gentlemen and Fellow Delegates:

Joseph Jefferson, I think it was, who said, "All the people of the world are divided into two classes—those who are anxious to make a speech and those who are not." (Laughter.) He said that if one belonged to the latter class and was compelled to make a speech, he should do it cheerfully.

When the summons came from our general secretary that I was to be here to-day in this capacity, I accepted with all the cheerfulness that my naturally timid and retiring nature would permit.

I have always had a great sympathy for a certain lawyer over in Ohio. He was elected to the legislature from a small but growing community. When the committees were selected, much to his pleasure he found that he was chairman of the prison committee. Being conscious of the fact that he must serve his constituents well, he felt it was his duty to learn all about prisons. So naturally he went down to the prison and had an interview with the warden. The warden said, "I think the best thing for you to do would be to come here on Sunday afternoon when the boys are all in chapel and you will get a good chance to look them over."

Properly arrayed in a long black coat and a white tie, he appeared on Sunday afternoon at the appointed time. The warden asked him to the platform, and then the warden arose and said. "We have with us to-day a very important personage, Mr. Smith, who is chairman of the prison committee, and I am sure that we will all be glad to hear him." Smith didn't know that he was going to be called on to speak, but he arose and stepped forward and said "Gentlemen." That didn't sound just right. (Laughter.) So he backed up and started over again. He said, "Fellow convicts." (Laughter.) That didn't seem just right, so he threw off all reserve

and stepped forward and said, "Boys, you see that I am somewhat embarrassed to know how to address you, but there is one thing certain, I am glad to see so many of you here." (Laughter.)

Mr. President, I believe that you are glad to see so many of us here, and I have listened with great pleasure to your warmest greetings of hospitality, and I accept them on behalf of all the delegates whom I represent, and I don't know just where the line is. There are among us those who have visited this city before and are partially familiar with it, and I know that they can readily understand, with your spirit of friendliness and with your capable guidance, how we could spend the days set apart for this convention in visiting your wonderful works of industry, your spacious and beautiful parks, your delightful residential district, your magnificent museums of art, your remarkable university buildings, your elegant, There are those among us destined to live in a luxurious clubs. rolling or flat country where the vision of the eye is only broken by the low line of the horizon, who would find great exhilaration in roaming over your beautiful green-covered hills. There are those among us who as they walk or ride down to their places of business every morning with the clear, blue sky above them and with the bright, cheerful rays of the sun shedding its warmth and glory all about them, would experience indeed a rare and novel treat should they climb your surrounding heights and look across the valley in which this city of 2,000,000 souls is embosomed and observe for themselves the truthfulness of the statement which they have often heard but could not believe, that here is a city whose inhabitants are proud of the fact that through the canopy of smoke they can but dimly see the starlit sky above them, and upon whom the sun has scarcely shed a clear or distinct shadow except on Sundays and holidays. (Laughter.)

However, Mr. President, all these joys must be denied, not because of any lack of courtesy or generosity on your part, but because the delegates here assembled, representing nearly every state in the union, have journeyed hundreds of miles for the purpose of getting better acquainted, of listening to and taking part in the

great number of topics that are to be discussed.

The hours that are spent in these meetings do not represent the entire result of this convention. The great living, tangible benefit will be found in the broadening of acquaintanceship, in the added information and the abiding inspiration that will go back from these halls to the associations which we represent, imparting to them a greater zeal and a more comprehensive understanding of the important work in which we are engaged.

There never was a time in the history of this Association when the credit man should be more keenly alive to the tremendous responsibility resting upon his position or more thoroughly impressed with the realization of the truth that the proper solution of his perplexing questions of inflated business which present themselves to-day is of the utmost importance not only to all of us but to those

who follow us for many years to come.

I am deeply impressed both with the dignity and importance of this convention, and I am conscious that we are all anxious and eager to enter upon the real business of this meeting, but before closing I trust you will permit me to say that I have just pride in being a member of an association located in a city in which this organization was created. (Applause.) I do not desire to be too presumptuous, nor do I wish to influence your actions or your judgment, but with the end in view of showing that we are imbued with the proper spirit of enterprise and preparedness, I desire to make this suggestion for your future and careful consideration: that the twenty-fifth annual convention of this Association be held in the city of its birth, beautiful Toledo, on the majestic banks of the Maumee. (Applause.)

PRESIDENT MOORE.—We are in the "growingest" city I ever saw. Mr. Rauh said it was a city of a million souls, and in twenty minutes it became a city of 2,000,000. Unless you hurry home, Brother Clapp, the convention will be held in Pittsburgh even if it is

held in Toledo. (Laughter.)

PRESIDENT MOORE.—On behalf of Dixie, one of the flowers of the South, J. R. Paine, of Memphis, will also respond to the addresses of welcome.

RESPONSE TO ADDRESSES OF WELCOME BY J. R. PAINE, MEMPHIS

Mr. President, Ladies and Gentlemen:

Born and bred in Dixieland, naturally I am conscious of its tradition, but I am here to-day claiming my right as an American citizen to bring you an expression which says there is no North and no South (Applause) but one strong, unified nation.

It is indeed a rare privilege this morning to acknowledge on behalf of this Association this cordial and sincere welcome, a welcome that is made the more memorable by reason of the distinguished

service by those who have so graciously greeted us.

It seems to me that this Association has often been most singularly honored, but never has it been paid a higher compliment than it has to-day in this welcome upon behalf of the City of

Pittsburgh.

Pittsburgh, it seems to me, is the ideal city in which to hold this convention. Pittsburgh to those who live away from here has long been regarded as a city of wonderful and permanent achievement. We have often wondered at its marvelous growth and ability to handle daily this immense volume of business which passes through its doors. And yet, my friends, when here to-day we have heard the warm Pittsburgh welcome when we have felt the powers of Pittsburgh's personality, seen its mighty industries, learned something of the wonderful Pittsburgh spirit, we at once recognize that our vision has not been sufficiently broad to encompass the wonderful possibilities of this mighty city.

This Association, comprising as it does the best business interests of this country, can well meet in Pittsburgh, where is the very heart of our industrial activity. And the members of this Association, meeting in annual convention to discuss the problems which surely are to make for development, find in Pittsburgh an appropriate setting, and, my friends, this Association delights to honor

the Pittsburgh Association of Credit Men. In that union which is composed of various associations, there is no one which has played a more prominent part than has the Pittsburgh association. The National office when confronted with establishing certain well-fixed policies has always felt certain that in Pittsburgh it would find a ready and willing response and never has Pittsburgh failed to give it. (Applause.)

I have always been impressed with this thought: A student of history is ever reminded of the immense amount of good and of ill which have flowed from the life and actions of individual characters upon the world stage. When they have been men moved by proper influences tending toward constructive development, their communities or nations, as the case might be, have prospered, and when these men have been debased by selfish ends their nations have suffered. Likewise, in this Association there are men of strong character who have been instrumental in furthering those policies which have carried forward the Association along sane and dignified lines, and of that body of strong men there are none who have been of greater value to this Association than has the body of men coming from Pittsburgh. (Applause.)

Therefore, my friends, we are glad to meet at Pittsburgh as a tribute of respect to that old guard who have come to us so often from this good city.

Conventions, it seems to me, owe their origin to the interdependence of man upon man. In the past, business was conducted primarily as an individual matter, but as business grew and developed, the far-seeing business man appreciated the great advantages which would follow a strong, well-directed, cooperative movement, and as a consequence we find business men of varying and competing lines meeting now in convention for discussion of their mutual problems and consideration of mutual betterments.

That spirit of cooperation which has been so pronounced in this Association is but a part of that bigger and broader spirit which seems to be the preeminent feature of this age, a spirit which says that each community shall and must assume responsibility for its fellow men.

My friends, this Association has done more than any other agency of which I know to eliminate those petty business jealousies which have for years dwarfed the intellects of business men and debased their minds with selfish ends.

There are some who insist that there is in business no such thing as sentiment, and yet the facts are contrariwise for sentiment, it seems, of the right and substantial kind, offers to business the best and truest ideals, brings about upon the part of the business men of the country a realization of the fact that they must become builders of conscience as well as of commerce.

Speaking personally, I know there is to-day in the heart of your visitors, my friends of Pittsburgh, a sentiment which appreciates your spontaneous greeting and wishes you of Pittsburgh long-lived happiness and prosperity. (Applause.)

PRESIDENT MOORE.—The program next calls for the annual address of the president of the Association, which it is now my pleasure to present.

ADDRESS OF THE PRESIDENT, H. G. MOORE

To the Officers and Members of the National Association of Credit Men:

To-day we arrive at a distinctive mile post in our journey. As an association we have reached our majority and surely we must all feel the thrill and the same quickening pulse that we experienced personally when we were twenty-one. We are now entitled to and must claim even a greater share of the burden in the commercial world making and while we have carried a man's full portion of life's duties in the past, yet we are entitled to a still

broader share in the requirements of the future.

The work of the National Association broadens with each succeeding year. It is such a great big work, the field so broad, the opportunity of service so expansive that we feel at the conclusion of a year that we have been privileged in our service to touch as it were only the rim of the opportunities presented. Most gratifying it has become, however, to see the constant income, to feel the accumulative results of many years of labor, to reap as an association the reward that is constantly maturing, such a bountiful harvest which comes to us as the result of the many years of effective, patient, judicious service rendered this association by your honored servants of the past.

The affairs of your association, the work of the various departments and your committees and their continued success will be shown by their reports which will be made to you. I desire to thank our faithful committees most heartily, also to congratulate them upon the good results obtained. Especially do I desire to commend the faithful work of our membership chairman, Mr. Atwood, and also express in advance of yours the recognition that

is due Mr. Burnett.

May our work ever continue as it has upon broad lines, well fortified by honest conception and proper understanding of dignified service to the commercial interests of our country, may we build still higher and better and may the feeling of cooperation, the intimate relation of business man to business man become so general through our efforts that American commercialism may become the standard of the world, efficient, pure, honest and sincere.

The world has seen another year of its greatest war. The sounds of struggling humanity still bear to our ears the cry of mortal agony, the rivers have swollen with tears of mothers, wives and loved ones, the earth is drenched with blood, and still the ravages continue and war lingers. Still we see the great sacrifices of human beings, as well as the annihilation of the world's never-to-be-recovered resources. How long shall it last? How long, no man knows, but credit exhaustion will probably be the real determining factor in its conclusion. May God spare our land from such a conflict and give us reasoning powers to escape from war and

hastily may peace come to the world and may it ever remain in our beloved land.

The war has brought to us many problems and the longer its continuance, the greater will become the economic problems and demands that will be made upon us as well as upon the entire world at the close of the war. The destroyed must be replaced, cities must be rebuilt, the broken must be mended, the weakened strengthened, and the effect of the war and its bearing upon our future commercially as well as industrially present problems for the gravest consideration of every American business man. We cannot escape the sobering influence of these grave responsibilities, yet with true American business patriotism we are not afraid, and I believe we may look to the future for the fulfilment of many withheld opportunities, the release of many delayed demands, and it would seem there was before us a period of great prosperity and new channels for trade at home and abroad.

Never before has American commercialism demanded of her business men as she will expect in the future, conservative, concerted action which must not be denied, loyalty each to the other which must not be withheld, sincere thought, study, wise legislation and with it all the proper conception of duty to ourselves and all others. We must realize that the future and great prosperity is largely dependent upon ourselves, also that thrift will account for a larger degree of success in the future than in the past.

The year's work has been continued along established lines, yet broadened with your desires and in accord with your ideals. As an association, we have lost no opportunity to be of service to every proper branch of commercial life, and to conform with the principles and ideals which established us upon such a wholesome basis.

Our educational campaigns have been effective and with increasing demand our personal service to members has been both inspiring and helpful. With regard to the individual member, we have sought to be of every help. We have endeavored to place in his hands such instruments of self-preparedness that the oncoming generations of credit men may escape some of the penalties and beware of many of our mistakes of the past. We have emphasized with the credit man the highest standards of service and have impressed upon him the rewards thereof.

We have tried to impress especially upon the younger man that he must do his share of sober, serious business thinking and that he must be aggressive and capable and that in this day of continued enlargement and opportunity in the remaking and continued building of this world's greatest commercial nation, he must take and bear a man's full share of labor and responsibility. We have tried to make him aware of his great heritage, to convince him that he is a sharer in the results of your twenty-one years of faithful service, and we have tried to build men as well as commerce, and to establish character and emphasize its worth in the commercial world.

I wish to thank the entire force of the National office for their very efficient work of the past year. As usual, our esteemed assistant secretary, Wm. Walker Orr, has outclassed his previous efforts and is to be highly commended for his continued efforts and increasing success as editor of our "Bulletin." I would also extend my

most sincere thanks, and yours as well, I am sure, to our National secretary, and congratulate him not alone on account of his efficient general service, but also upon the excellent financial condition which

continues to be shown year by year in his annual report.

We are assembled in a great industrial city. To this city of such imperial resources has been transferred the capitol of the Steel World. The same influences and currents of the world's demand has established in that great sister city, New York, the financial center of the world. These great cities so few hundred miles apart, are yet both within this great commercial empire. You have been so royally welcomed here and I know you will enjoy this great and most generous hospitality, but may I add a word of thanks to our Pittsburgh friends and assure them that in my opinion as drifted westward from Pittsburgh in those earlier days the present westward settlement and development, so we your guests to-day, will take with us to our homes, no matter where we live, not only a generous appreciation of your hospitality but having felt the warm pulsebeat of this heart of industry, we will take home a new lesson in industry, gather new inspiration from your great credit organization, and take home to our work and our associations new courage and greater effort.

And a personal word—make each day here worth while. Add to your friends. Speak before the other fellow has the chance. Why, I remember once in one of our conventions a stranger sat by my side and I was warm and tired, for we were meeting in a city far to the south, and I thought, "Better speak to this fellow," and then that little fellow we have with us said, "Oh, what's the use,"

but I did.

And then and there I made a new friend and he is one of my choicest to-day, one of those real dependable fellows, one of the sort of friends of whom none of us ever have too many. Do you get my idea? Be a good fellow, hitch over towards your neighbor, keep your right hand ready for its intended use, have your smiles on tap, join in the happiness of such a meeting as this will be, and when the week-end comes may Pittsburgh feel there is a

big gap in their family circle.

As you attain your majority in age I retire to the ranks. My personal thanks and every appreciation I can express to you for the many honors you have bestowed upon me are yours. I thank you again and again, and as I shall pass this office to others, as I deliver the leadership of this Association into other hands, I trust it will be considered as great an honor as I esteemed it when I received it from my most faithful predecessor. I thank you for all your honors, but I thank you most for yourselves—my friends. (Great and long-continued applause.)

President Moore.—And now I am privileged to introduce to you one who I am sure needs no introduction, the man to whom more than to any other man is due the continued success of our Association, a man whose broad connection with commercial affairs entitles him to national recognition, the man whose influence as our representative is much sought in proper and corrective legislation, whose opinion is valued, as it should be, whose great effort in our

behalf we all appreciate, the man who has journeyed to almost every association in our membership, carrying the message of better business methods, making every effort not only to build up our Association, but as a leader of men, to benefit every individual member, educationally, commercially, and at all times urging and directing them to their higher duties to themselves and to their fellow men, our secretary, J. H. Tregoe. (Applause.)

Secretary Tregoe.—I do not think that I could proceed without first expressing to our president my appreciation for his most gracious words and to you for your most gracious reception. That to me is expressive of what I value most, your regard and your

friendship.

Last year at Salt Lake City it was demonstrated that the most unpopular feature of a convention program is the reading of the report of the secretary and treasurer and, benefiting by what I learned there as to your feelings, I am going to ask you to please procure copies of the secretary's report and of the treasurer's report and read them over at some quiet moment. (Applause and

Laughter.)

I merely want in a few words to give you an idea of the work, especially of the financial operations of the Association, and this without tiring you with figures, because the treasurer's report is printed and you can study it, and I ask you to do so. I merely want to say that the net income this year was \$75,728.02. Our expenditures were \$66,522.41. We therefore had a surplus for the year of \$9,205.61. (Applause.) After applying \$2,500 of that total surplus to the prosecution fund, we had a net surplus of \$6,705.61, which, added to the surplus of last year, \$27,415.37, gives us a total surplus, exclusive of the other funds, of \$34,120.98. (Applause.)

I want to congratulate you upon that showing, for it puts us in a position of doing effective and protective work. I have looked forward with great anticipation to the building up of that surplus, and I hope none of you will feel that it is one whit more than this organization of 20,780 representative houses and banks should

possess as their preparedness fund. (Applause.)

We have had a wonderful year. I wish I could tell you all that has happened. We have done much that bore directly upon the economic history of our country. We have been recognized in the highest circles. One of the government officials said to Mr. New and me recently at a luncheon: "You do not know what the influence of your Association is." And thus we have grown, but the finest part of it is that fellowship that we have with one another, that we can look one another in the eye and say, "My friend." And again, to think of those standards we are raising and which we are making men love and causing the commercial public and the political public in general to understand that it does not simply pay to be honest, but that it is right. (Applause.) It is indeed remarkable progress.

We are marching ahead, and if I were compelled to stop just now and look back upon these five years of service I would say that they were the best years of my life; they have meant so much, not because I could render you a service, but that I could meet and

know you.

We are going to have a splendid convention; let your spirit and enthusiasm run over. Let nothing stop you from manifesting your enthusiasm by means of that tongue and two hands that the Eternal God has given you to use at the proper time. That is all. Don't forget to read my report; it is your duty. (Laughter.) By the help of Providence may this circle be unbroken one year from today, and we can then take inventory and say we are farther ahead in this great work of ours. I thank you. (Applause.)

REPORT OF THE SECRETARY

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

It has been the desire of your secretary to keep the membership of the association concurrently informed of important events. The increasing demands upon the Association and its unusual activities all have made for a very distinctive year, as those of you who have followed our work month by month know, so that there should be little necessity of offering at this convention any but a brief report.

Those who have followed the Association's history with deep interest and responded to its every call with sympathy and support in the belief that its purposes were related directly to the credit welfare of the nation, may now realize that their confidence was justified, the Association having attained splendid influence and power, which is making itself felt in the dealings of men with one another in their credit relations and upon the nation's commercial welfare. The Association from its origin had well-defined policies that were adhered to consistently, and it has demonstrated that desirable results follow sound policies when conscientious and unselfish efforts are applied.

Increased influence and power are attended with increased responsibilities. Therefore the position now held by the Association must discourage laxities, superficial effort in too many directions and other than a strict adherence to soundly conceived plans which accord with

the Association's original purposes.

Recounting some of the year's special events, it was the strong belief of your board of directors, concurred in by the banking and currency committee, that trade acceptances offered a desirable substitute for open accounts, giving in their form and essence a liquid credit to replace a rigid credit. The unsettlement of a long-established custom, such as the open account system requires herculean efforts, but the exploitation of the trade acceptance has attracted wide attention, and it is the belief of many that it will win its way and become gradually a fixed habit with the grantors and receivers of credit.

There came up during the year a strong sentiment hostile to the national bankruptcy act. A clearance of ideas on this subject, and the well-systematized efforts of your bankruptcy law committee to meet the situation and convince the disaffected that our prosperity in credits could not be divorced from the principles of a national bankruptcy act, will be told graphically in the report of the proper com-

mittee. We refer to it here, as it was one of the grave responsibilities of the National office, requiring the exercise of skill and discretion, and the rendering of the best cooperation and service to the committee. Friends of the national bankruptcy act must recognize the need of diligence in meeting the opposition, that patience and prudence must be exercised in the efforts made for the act's defense, that conviction of the disaffected should be sought, so that finally the act shall



J. H. TREGOE Secretary-Treasurer, New York, N. Y.

not only be perpetuated, but a close unity of sentiment prevail that we must not revert to the insolvency systems of the several states.

A plan of state conferences was experimented with during the year. Those attending the annual conventions of the National Association of Credit Men usually receive inspiration and become firmer and stronger members of the Association by reason of them. But the privilege of attending is for but a small proportion of the membership, and it was felt that the getting together annually of a large

number of credit men in their respective states to discuss common topics and to work out common plans would promote a form of friendly cooperation that might improve methods of opening and closing credit risks. With the unanimous approval of the board, your secretary proceeded with this work; and the first state conference, held in Syracuse, New York, on October 28th, 1915, proved so tremendously interesting and such a great success that conferences followed in four successive months in as many states without any abatement of interest and benefits. The results of the experiment were so encouraging that the officers and directors of the Association, at their next annual meeting, will be asked to endorse a plan of extending these state conferences even more widely during the coming year. When calls are made for the assembling of the credit men of the states, there must be a cordial response which shall bring to these meeting every available member.

The committees were unusually active. This will be clear to you when their reports are offered to the convention. With such a large number of departments as those pertaining to the National office, it is not possible to keep them uniformly active through the year. But during the year just closed a spirit of activity seemed to control each committee, and most excellent results have been accomplished. Your secretary would value the privilege of mentioning each of the committees and its chairman by name, but the brevity of this report would not permit it. Suffice it to say that all these loyal workers have had every occasion to understand that the contributions they have made to the year's success, and what each committee accomplished through unselfish and intelligent efforts, are deeply appre-

ciated by the entire membership.

We feel it is proper, however, to speak specifically of the splendid plan arranged by the membership committee and the devotion of its chairman, F. B. Atwood, of Minneapolis. As a result, the net increase for the year exceeded the mark fixed by your officers and directors in annual meeting, and will most favorably compare with the membership record of preceding years. That the Association stands at a total of 20,786 demonstrates its claims upon the confidence of the commercial public, and gives it a commanding position

among the nation's most influential organizations.

Commercial arbitration has been commended by the National Association for the past five years, but not until the last year did something of a practical nature result. The Chicago Association of Credit Men, under the inspiration of its local committee, revised its constitution and by-laws and authorized the organization of a department of commercial arbitration. This work has been conducted with an unusual degree of caution and intelligence, and the eyes of the entire organization will be directed toward Chicago in the working out of this economic and desirable plan. It should be our earnest effort to have each mercantile city enjoy a commercial arbitration tribunal where rough and ready commercial disputes may be adjudicated at a minimum of expense and time.

During the year your secretary covered a large mileage visiting with many local associations, some of which had never received an official visit; and, while general meetings were distinctive features of these visits, in almost every instance a conference also was held with

the official family of the association through which much of a constructive character was accomplished. The great size of the Association, with the large number of its local units, will increase the needs for such constructive work, to the end that weak features may be overcome and associations directed along the most wholesome and useful lines.

A cordial relationship arose during the year with Hon. E. N. Hurley, chairman of the Federal Trade Commission, and out of it came the appointment of an advisory committee of five to assist and cooperate with the Federal Trade Commission in promulgating sound education on cost accountancy and successful retailing.

There arose during the year a demand for the organization of a department of foreign credits in the National office, with prediction that such a department would give substantial aid to members of the Association now exporting or considering the export field; in developing this work, we have been brought into pleasant touch with Dr. E. E. Pratt, of the Department of Domestic and Foreign Commerce, Washington, who has promised every assistance within the powers of his department.

The local associations have displayed as a general rule a great degree of interest throughout the year. The character of the business meetings has improved and the attendance increased. This is an encouraging indication, added also to one of even greater encouragement that strong cohesion exists between the local associations and the National Association, and the desire seems pronounced that they

shall work together harmoniously for the highest results.

The officers and directors of the Association displayed a deep interest in its affairs throughout the year, and have responded promptly and cordially to all demands made upon them by your secretary and the chairmen of committees. The ability of the officers and directors to occupy more than positions of honor has been demonstrated. This fact renders necessary the exercise of much

caution in selecting those who are to serve.

The National office has been running in a very orderly manner. There seems to pervade the entire staff of the office a spirit of conscientious work and service, so, while the demands upon it have increased tremendously during the year, yet responses to these demands were promptly made, and a large number of the Association's members recognizes that in the National office there rest abilities to serve which tend to increase the value of membership.

Your secretary has cultivated these demands, believing that in unusual situations or in vexatious problems, the National office possessed powers to serve that, if called upon, would be of direct benefit

to members.

The publicity department, under the supervision of Assistant Secretary Orr, has been especially effective, and we believe the "Bulletin" and other publications have reached the very highest standard of excellence from the literary as well as informative point of view.

W. R. Montgomery, the assistant of the secretary, deserves mention for his diligent work, and it is with deep regret we announce his resignation to take effect about July 1st, when he takes up the profession of the law. We hope to have him continue his identification

with the Association in the legal department.'

The field representatives have also performed good work, though we are missing R. B. Heacock and T. B. Howard, who served the Association with great satisfaction for some years, and resigned to

undertake work promising better for them personally.

Your secretary desires to register his sincere appreciation of the courtesies he has received so unboundedly and cordially from the officers and directors, the officers of local associations, members of the Association without number, and those who have an interest in the work and yet have no official identification. In the rough places this encouragement was an inspiration, and to it in the very largest measure is due what your secretary may have accomplished.

Closing this summary of the year's activities from the angle of the secretary-treasurer's office, there will be felt, he is sure, a great gratification that the Association has directed its way so faithfully and deservingly through a period of years. In entering upon the new year there will be a keen desire for even better things, a desire that will be realized if there prevails a sincere willingness on the part of all to cooperate in suppressing evils and in defending high standards in the credit relation.

Respectfully submitted,

J. H. Tregoe, Secretary-Treasurer.

REPORT OF THE TREASURER

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

The report of your treasurer is herewith submitted for the fiscal year ended May 31, 1916. It is hoped that upon careful scrutiny the report may be found to represent that judiciousness and caution in using the Association's funds for the various departments of the National Association which your treasurer has ever had in mind.

Pursuing an orderly plan of procedure, at the annual meeting of the board of directors, held at Kansas City in September, a budget, prepared under the direction of the finance committee of

the board, was submitted and approved.

Notwithstanding unheard of advances in certain materials used by the National office for the Association's publications, notably the "Bulletin," which caused several items of the budget to be exceeded, yet the total expenditures for the year were well within the budget, a matter of gratification to your finance committee and treasurer, and a result attained without prejudicing any department of the National Association. To be more specific, the paper material used in the "Bulletin" nearly doubled in cost during the last months of the year, necessitating a readjustment as to number of pages and type, yet, despite these changes, the "Bulletin" cost was very much in excess of the amount fixed in the budget.

A policy was adopted by the board of directors at its annual meeting of furnishing more of the Association's literature without cost, or at a division of cost with local associations, and it was

found necessary to lay in a stock of paper material so that the Association's requirements for the next year might be met without inconvenience. The cost of printed matter, added to the material purchased and paid for, has run this item to a figure somewhat

in excess of the budget.

There has been an increased demand upon the National office for service, in fact the demand has been encouraged, and with other and new responsibilities attaching to the work it was found necessary to increase the office staff, and the cost of employees' services for the year also ran a little in excess of the budget. On most all of the other items, however, the actual expenditures were within the budget allowances. Your treasurer, in offering this brief detail, felt it was information that the membership should receive, especially at this period when the conduct of the Association's fiscal affairs is of growing importance to the efficient operation of the organization.

The following is a report of the income and expenditures for

twelve months ending May 31, 1916:

INCOME

INCOME	
Received from local associations of credit men for annual per capita dues	\$60,382.73
annual dues	11,270.09
Cost of printing blanks 5,431.71	
Net income from the sale of blanks	634.33
Cost of printing and delivering diaries 4,932.30	
Net income from the sale of diary	2,853.00
Bank on average monthly deposit	587.87
Total income	\$75,728.02
EXPENDITURES	
Salaries of secretary, assistant secretary and assistant	
to secretary	\$15,899.98
Salaries to employees in the National office	7,940.49
Salaries to field representatives	2,741.68
Traveling expenses of field representatives	2,846.13
Traveling expenses of officers	1,531.43
Traveling expenses of directors	2,420.32
Committee conferences and other items of expense	
attached to committee work	2,199.03
Rental of National office	2,500.00
Cost of printed matter\$3,088,28	
Received from sale of printed matter 1,930.02	
Net cost of printed matter	1,158.26
Income from sale of "Bulletin" 676.28	STATE OF STATE
Net cost of "Bulletin"	11,056.43
Cost of legal department	2,553.27
Membership organization department	1,057.70
and the second state of the second	-,

Various items of investigation and prosecution Cost of membership directory Stationery and printing Postage General expense items Convention expenses	\$ 385.67 2,922.67 1,474.34 2,395.76 3,181.16 2,258.09
Total expenditures	\$66,522,41
13th a state and real and a section of the section of the	434,000
Portion of same applied to investigation and prose-	\$9,205.61
cution fund	2,500.00
Net surplus for the year	6,705.61
Bank, Account No. 1, June 1, 1915	27,415.37
Bank, Account No. 2, June 1, 1916	34,120.98

In addition, the usual small balance, amounting this year to \$322.81, is on hand in Account No. 2. This is the office account, used for the payment of small sums and for the daily requirements of the office. No payment on Account No. 1 is made except by check. It will not be necessary to comment on the surplus shown by this report of the year's operations. It is the largest saving ever effected by the Association during one year of its operations, but, as stated in former reports, the influence and growing demand upon the Association compel, for the sake of safety, an adequate surplus, and it has been the very great desire of your treasurer to accumulate without limiting the reasonable and proper activities of the Association, so that its financial position might be assured.

It is the treasurer's sincere wish that this report be studied carefully, and if information is desired about any of its specific items, or the general fiscal operations of the Association, it will give

pleasure to furnish it.

Respectfully submitted,

J. H. Tregoe,

Secretary-Treasurer.

PRESIDENT MOORE.—We have thoroughly convinced the commercial world that there is no competition in credits. Claiming to be educators ourselves, I trust that even the few words that he has heard has convinced one of our competitors that there is no competition in education, and it is my very great pleasure to introduce to you at this time Dr. Davidson, of this city, superintendent of public instruction.

ADDRESS BY DR. W. M. DAVIDSON, SUPERINTENDENT OF PUBLIC INSTRUCTION, PITTSBURGH

Mr. President, Ladies and Gentlemen of the Convention:

Thomas Bailey Aldrich in a beautiful little poem gave expression to a most musical and beautiful truth, the truth that the world that lies around about us can be appreciated only in proportion to the world that lies within. He took into imagination his experience in life when as a little child he had first brought the sea-shell to his mother's knee and while holding it to his ear asking her with that wide-eyed wonderment of the little child: "Mother, what is that

I hear within the recesses of the shell?" His mother, the poet found, answered him just as our mothers have answered us: "My child, you hear within that shell the resounding of the waters of the mighty seas, the breaking of the waves upon the seashores, the rising and falling of those ceaseless, beating tides which constitute the rhythm of God's vast ocean depths, a rhythm which at once measures the most majestic music of all the world." Or possibly that mother said: "My child, you hear within that shell the sighing of the winds through the tree-tops as they beat upon the forests, swaying their branches to and fro in that ceaseless beating rhythm which reveals to the heart of man the music of the mighty forests covering our mountainsides and our valleys everywhere."

I have no doubt that in extension of that thought Ole Bull expressed the richness of it all when he replied to the question, "Who taught you to play on the most perfect instrument known to man?"

-"The mountains and the forests of Norway."

But the poet found in after-life that what his mother had told him was an allegory of deep spiritual significance, true to-day and true through all the unfolding centuries of the world. And while catching that allegory with its spiritual significance, he also learned as he advanced in years that science had something to teach him about that sea-shell, for when he delved into the mysteries of physiology, he learned that what he actually heard was but the echo of his own heart-beat, as the heart, the great organ of circulation, sent out through the arteries and veins the life-giving fluid to build up the body, which should be a fitting temple for the human soul.

And so, taking the allegory of his mother and the lessons which science taught the poet said: "Hold this sea-shell to your ear and you shall hear, not the andante of the sea, not the wild winds of symphony, but your own heart's minstrelsy." Then, craving that word of appreciation for himself which you crave and all poets crave, he continued with: "You do poets and their song a grievous wrong, if your own soul does not bring to their deep imagining as much music as they sing." Wonderful, musical, beautiful truth, expressed afterwards in prose by the great president of Harvard University, now president emeritus, Charles W. Eliot, when he wrote the inscription to be enchiseled in the stone upon the parapet wall of the union station in the national capital, and if you should ever go there, walk out in front of the station, turn your back to that splendid statue of the discoverer of the new world and to the great white dome-like back of it and let your eye run along that parapet wall until it catches the inscription on the extreme left ends thereof and note what Eliot has said: "He who would gather in the wealth of the Indies must first take his wealth to the Indies."

Recently in this city I visited a Sabbath School with my neighbor, Mr. Lyons. Going into a class I found a motto on bands stretched above the head of the teacher which read: "The success of this class depends upon the individual members of this class." And I went into another room in which there were some two hundred men gathered, led by a lawyer who was unashamed to teach from this great text-book of the world the lesson which uplifts and inspires. I noticed immediately above the lawyer's head in the form of a rectangle the same motto: "The success of this class

depends upon the individual members of this class." Then I went into the Sabbath School room where the children were gathered together. In the first room were round tables with a group of children, and a teacher in their midst, typifying the "Knights and Ladies of the Round Table." I walked back into the auditorium proper and looked over the head of the superintendent, and in the form of a rectangle I again found this same motto: "The success of this Sabbath School depends upon the individual members of this

Sabbath School."

I thought as I looked upon it that in some way or other it was a motto that reflected the spirit of Bailey Aldrich's line and the sentiment of Dr. Eliot yonder at the national capital, with the wish on my part as I thought, that if I had an opportunity to change one word in that motto it would be, I think, to link up with it the thought that is uppermost in the mind of every member of this convention, namely, to see to it that there is more in life than the mere rattle of the silver or the jingle of the guinea, and that no matter how much we look upon business as business, in the heart of every business man is a thought to give back to the world the best that is in him, in order that he may enrich human life and all the relationships which join therewith. (Applause.)

And so, I said, if I were to change one word, it would be that word "success." I would rob it of its ultra-commercial suggestion, of its thought of largeness, of its thought of the amount of the bank account, of its realty holdings, of its land estates; I would remove it and substitute in lieu thereof this word "enrichment," and make it read: "The enrichment of this Sabbath School depends upon the

individual members of this Sabbath School."

And so as I sat here and listened to the keynote speeches of your convention this morning, this all came to me, and I thought I would like to give it to you as an interpretation here this morning of what I read in the spirit of the convention, namely, that you believe this morning that the success of this convention depends absolutely upon the underlying definition of "success," and that its meaning must be enrichment. The success of this convention, in other words, the enrichment of this convention, depends, not upon the secretary, not upon the presiding officer, but upon each individual member of this convention and the ideals which he has to contribute to it in order that you may stand four-square before the world in the last analysis as men, as well as credit men. (Applause.)

I am pleased to stand in your midst this morning and welcome you as all representatives of my city have done to this splendid city of Pittsburgh. I am sure if you have come here with the spirit of Bailey Aldrich that you will repeat it over and over: "You do poets and their song a grievous wrong, if your own soul does not bring to their deep imagining as much music as they sing." If you have come here to see smoke, you will see smoke and nothing else. (Laughter.) If you have come here to see our millions, and think that that represents the thing which we prize best and highest above all our possessions, you will see our millions. They are here. If you came here to see our hills, tempting as they are, you will see our hills and nothing else. But if you have come here with the spirit of Bailey Aldrich, you will see through the smoke a people

devoted to the highest ideals which any people in this country are capable of realizing, and in their hopes and in their aspirations you will see a people deeply religious, you will see a people in the last analysis who believe that the only way a city can be made great is to conceive of it as a great unit of democracy and to lay at the foundation of its very being the development of a great public school ideal which shall see to it that the city is reborn anew every generation through an intelligent citizenship in a democracy. (Applause.)

So, as a school man, I stand here to greet you this afternoon and to express the hope that you have back yonder in your own cities a high and tender regard for the little children who are in attendance in the class-rooms of the public schools of your city. I know this group of credit men in Pittsburgh during the last two years and a half, since I came over to the national capital, have given cordial, warm support to the development of little children. Somehow or other—I want to emphasize this—business men as they look out on the work they are to do feel that while they are concerned with the development of efficiency, they are also concerned with the human side, and, therefore, they are quite as much concerned with the development of those conditions which will surround the making of a sound body as they are with the making of a sound, efficient mind, and that efficiency must be linked up with the health problem in a community.

In the last analysis there must be a concern for the spiritual welfare and the spiritual well-being of all the employees connected with an establishment. That is the spirit of a great city. There must be not only a thought that the people must be efficient and that its public schools must look to that end and that its universities and colleges must look to that end, but that there be more than the thought of efficiency, there must be a city physically sound and wholesome as it faces the active duties of life and the strenuous duties of life. But above all, the city must be wholesome in its spiritual outlook and in its spiritual manifestations. These three represent the great ideals of all the cities and of all the communities of the American republic. And I am sure, as we think upon this institution, the public school, that we are eager to have a chance to do something for these children while they are passing by.

You don't have children with you very long. The doctor calls to-day; the child looks up into the face of its mother and the home is made glad. Day after to-morrow it enters kindergarten. Day after that it is being graduated from the eighth grade, and still another day it is receiving a diploma as one representing the community as a High School graduate. Ware said in his little poem: "It passed in beauty like the flowers that spring behind the footsteps

of the winter's king-Childhood,

It passed in beauty like the waves that reach their dual fingers up the sanded beach—Childhood,

It passed in beauty like the clouds on high that drape the sea beams

of the summer sky-Childhood."

And, oh, my friends, it goes so fast that I hope you will return to your communities with a higher resolve to see to it that you will face your public school expenditures in the light that every dollar which the credit men as citizens of each of the communities you represent put into the public school system is an investment and not

an expense. (Applause.)

We teachers are credit men, for we work by faith in the hope that the plans and methods we place in operation shall tell in the lives of your children and in the lives of all the children of the republic.

These conventions, somehow or other, bring us together. As



WM. WALKER ORR
Assistant Secretary, New York, N. Y.

it has been said, we exchange our views, why? Because we strike a common denominator. You know the public schools are the common denominator of this country which link us together and socialize us. Strange as it may seem, that is absolutely true. But in my final word to you, there is one common denominator that has been touched upon here by our good friend from the South, and how you responded to it! That common denominator represents the hopes, the aspirations and the ideals of every American citizen, and you see it to your right here and you see it to your left—Old Glory.

(Applause.) Old Glory thrills the life-blood of every citizen of our republic. You know it was Henry Van Dyke who wrote a little poem called "An American in Europe." He had been over there traveling among all those cities, Berlin and Petrograd and Constantinople and Rome and Naples and Florence and London and Paris and all the other noted cities, and he said:

'Tis fine to see the Old World, and travel up and down Among the famous palaces and cities of renown, To admire the crumbly castles and the statues of the kings—But now I think I've had enough of antiquated things.

So it's home again, and home again, America for me! My heart is turning home again, and there I long to be, In the land of youth and freedom beyond the ocean bars, Where the air is full of sunlight and the flag is full of stars.

Oh, London is a man's town, there's power in the air; And Paris is a woman's town, with flowers in her hair; And it's sweet to dream in Venice, and it's great to study Rome; But when it comes to living there is no place like home.

I like the German fir-woods in green battalions drilled; I like the gardens of Versailles with flashing fountains filled; But, oh, to take your hand, my dear, and ramble for a day, In the friendly Western woodland where Nature has her way!

I know that Europe's wonderful, yet something seems to lack: The Past is too much with her, and the people looking back. But the glory of the Present is to make the Future free—We love our land for what she is and what she is to be.

Oh, it's home again, and home again, America for me! I want a ship that's westward bound to plough the rolling sea, To the blessed Land of Room Enough beyond the ocean bars, Where the air is full of sunlight and the flag is full of stars.

(Applause.)
(Adjournment.)

First Day, Tuesday, June 13, 1916 AFTERNOON SESSION

The afternoon session of the first day of the convention was called to order by the president at 2 o'clock.

Announcements and communications read by Secretary Tregoe.
PRESIDENT MOORE.—Before we begin our afternoon program, I
want to introduce to you your other presiding officers: Your first
vice-president, Charles D. Joyce, and your second vice-president, F.
B. McComas. Here, gentlemen, is your "Hope, Faith and Charity,"
and you will notice that the greatest of these is charity. I have

asked Mr. Joyce to preside Thursday morning and I have asked Mr. McComas to preside Thursday afternoon. I tell you now that you may know how great a treat is in store.

The secretary will announce the names of those appointed on

the convention committees.

Secretary Tregoe.—The Committee on Nominations is made up as follows: A. H. Dobson, Utica, N. Y., Chairman; P. J. Muskopf, Buffalo; L. C. Breunig, Indianapolis; N. Bretano, Evansville, Ind.; W. P. Simpson, New Orleans; W. P. Brenner, Green Bay; J. H. Cochrane, Des Moines; R. E. Guild, Minneapolis; Victor Robertson, St. Paul; H. G. Evans, Lincoln; C. H. Potter, Seattle; C. S. Fenson, Richmond; J. H. Roth, Cedar Rapids; B. E. Keith, Fort Worth; W. B. Johnson, Cincinnati; H. B. Clark, Tacoma; F. E. Kimball, Burlington; C. D. Alton, Jr., Hartford; L. C. Stevenson, Charleston, W. Va.; Wm. Koester, Newark, N. J.; G. E. Bradford, Knoxville; A. Seidenspinner, Milwaukee; M. I. Arms, Youngstown; G. L. Williamson, Lexington, Ky; W. C. McGregor, Wheeling, W. Va.; Louis Fleisher, Philadelphia; B. W. Haggerty, Oklahoma City; C. W. Hammond, Columbus, Ohio.

The Committee on Resolutions is made up of F. B. McComas, Los Angeles, Chairman; C. F. Hoerr, Chicago; H. H. Humphrey, Boston; E. D. Flannery, New York City; A. E. Gilster, St. Louis; Vernor Hall, Dallas; Donald Reid, Denver; Zeigler Sargent, New Haven; Calvin M. Smyth, Philadelphia; J. E. Norvelle, Huntington; J. F. Jordan, Minneapolis; W. A. Masters, St. Joseph; C. J. Gossart, Omaha; H. E. Rindge, Grand Rapids; J. E. O'Neill, Pittsburgh; W. T. Wallis, Clarksburg, W. Va.; E. L. McClure, Kansas City; P. B. Bethel, Louisville; Wm. Tonks, Cleveland; I. D. Kingsbury, Rochester; R. C. B. Adams, Albany; G. W. Wallace, Chattanooga; J. W. Pettyjohn, Jacksonville; J. L. Baldwin, Atlanta; O. S. Kulman, Savannah; Philip Hamburger, Baltimore; O. A. Montgomery.

Detroit.

The Committee on Audit is composed of J. G. Davis, Dallas, Chairman; L. M. Allen, Bridgeport; W. S. Parry, Peoria.

I would like to mention that when the registration office closed downstairs, the registration had reached 1,350 and was still going.

(Applause.) The previous high record was 1,321,

PRESIDENT MOORE.—The Committee on Credit Education and Management will now make its report by its chairman, J. G. Kissinger, of Milwaukee.

REPORT OF COMMITTEE ON CREDIT EDUCATION AND MANAGEMENT

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Credit Education and Management Committee has passed through a very interesting year. It is a matter of some difficulty to make the convention understand the forces at work for a more thorough and systematic knowledge of commercial credits in principle and practice. Various features of business and banking economy have been the subjects of pedagogical work, yet credits were not recognized as an adaptable and interesting subject until within recent years. This fact is related closely to the paucity of credit bibliography, for modern text-books on credits have but meagerly appeared, and the "Bulletin" of the National Association of Credit Men has afforded the very best as well as the most extensive knowledge of the subject.



J. G. KISSINGER
Rauser, Leavins & Kissinger Co., Milwaukee, Wis.
Chairman Credit Education and Management Committee

The increasing interest in and attendance on credit classes make adaptable and authoritative text-books on credits a necessity; and your committee deems it necessary to present this feature, for, in its opinion, the National Association of Credit Men should be using its own best offices in the building up of sound and intelligible credit literature.

While the credit classes, organized as recently as four years ago as a feature of local Y. M. C. A. educational departments, were

experimental, and the results from them more or less vague and unsatisfactory, yet the idea was timely and demonstrated an opening for new education which we have endeavored and shall continue

to endeavor to supply.

The real work of the committee is to aid with advice and encouragement local committees, for, after all, the larger share of credit education has fallen upon and been assumed by local associations, and a very hearty response has been made by local associations to this demand.

Credit classes for the study of credits in principle and practice have not been uniform, and your committee discovers no reason why uniformity should prevail. The credit class, organized as a feature of the educational department of the local Y. M. C. A., continues to be a plan in some association cities, and the experience of several years has brought many of these classes to a high degree of efficiency, highly appreciated by many students.

The following associations, your committee believes, have encouraged and assisted in the organization of such classes, furnishing from their membership lecturers and supervisors: Boston, Buffalo, Cleveland, Detroit, Kansas City, Los Angeles, New York, Pitts-

burgh, Philadelphia, Portland, St. Louis and Syracuse.

Your committee has not received full and explicit reports this year from the associations of what was accomplished in these several classes, but those that have come under its observation show a degree of skill and success that is commendable, and the ability to build up credit men who can do, not only practical work, but show excellent acquaintance with the science and intricacies of their

profession.

In some of the cities the local associations have acted in conjunction with the state or local university, aiding an extension course which included a class on credits. This, from the pedagogical viewpoint, is probably a more advanced idea than the credit class supervised entirely by credit men as a feature of the education department of a local Y. M. C. A.; and your committee has noted with deep interest the willingness of local associations to cooperate with universities, as also that the universities recognize the need of this education and that the local associations are equipped to supply desirable material for its conduct.

We find this joint work with universities in the following cities: San Francisco, joining with the Extension Department of the

University of California.

New Orleans, joining with the Department of Commerce of Tulane University.

Minneapolis and St. Paul, cooperating with the University of Minnesota.

Cincinnati, cooperating with the University of Cincinnati.

Seattle, joining with the Extension Department of the University of Washington. In this connection, your committee calls attention to the fact that in Tacoma plans are being formulated to assist in this Washington extension course.

Milwaukee, cooperating with the University of Wisconsin.

A third form of credit class appeared this year, which took the character of a monthly or weekly gathering of credit men, where discussions occurred on business and credit subjects led by local credit men or specialists obtained by the local association. Such a class in Chicago, under the direction of S. J. Whitlock, was very largely attended and proved to be most interesting. A similar class was conducted in Memphis, and while the attendance was smaller, yet it was a very interesting feature of the local work and received the cordial support of the association.

In Wichita, the association cooperated with the Merchants' Course in that city in conducting a class on credits, making a fourth type of educational classes with which local associations have been

concerned, or which have received their support.

Your committee believes sincerely that from a very modest beginning and as an experiment, the value of credit education has been demonstrated, and deserves the very best support and development within the powers of the Association.

In conferences of credit men, at annual conventions of the National Association, and at the meetings of the board of the National Association, this subject should receive adequate consid-

eration.

In concluding this report, the committee begs to offer the following resolutions:

T

"Resolved, That the National Association of Credit Men in convention assembled expresses its sincere appreciation and thanks to the local associations of credit men and to local committees on credit education and management for what they have striven to obtain and have succeeded in developing during the present year in promulgating sound education upon the principles and practice of credits.

TT

"Resolved, By the National Association of Credit Men that it should be regarded as a desirable and interesting feature of local associations to appoint committees on credit education and management, and through such committees encourage the organization of credit classes, or cooperation with the extension departments of commerce of universities.

TIT

"Resolved, That the proper and effective development of this work calls for carefully adapted and authoritative text-books on credit. Therefore it is recommended that the National Association, through the proper department or committees, consider seriously the preparation of credit text-books thorough and sound in the treatment of the various subjects relating to credits both in principle and practice.

IA

"Resolved, That the National Association of Credit Men, through its secretary, convey to the universities of the nation now conducting extension departments or departments of commerce sincere appreciation of the provision they are making for developing credit education, and make it clear that this association, as a national

body, and through its various units, is eager to lend every aid within its powers for the success of these departments.

V

"Resolved, That in conferences of credit men, the subject of credit education and management be given consideration and that it be made prominent at the business meetings of local associations.

VI

"Resolved, That at the annual meeting of the officers and directors of the National Association of Credit Men, the prevailing systems of credit education be analyzed closely, and conclusions reached and recommendations made that will assist the local associations in following plans that are most adaptable and should prove most progressive as well as the most successful in promulgating education in the principles and practice of credits."

Respectfully submitted,

J. G. Kissinger, Chairman, Milwaukee, Wis. A. Seidenspinner, Sheboygan, Wis. W. M. Post, Milwaukee, Wis. Capt. H. F. Beebe, Vice-Chairman, New Haven, Conn. H. W. Flint, New Haven, Conn. H. H. Bradley, New Haven, Conn. J. W. Evans, Vice-Chairman, Cincinnati, Ohio. Geo. W. Schneider, Cincinnati, Ohio. Robert A. Matthews, Cincinnati, Ohio. William E. Drake, Vice-Chairman, Syracuse, N. Y. Dana W. Barnard, Syracuse, N. Y. William A. Boyd, Syracuse, N. Y. G. E. Chapin, Vice-Chairman, New York, N. Y. E. S. Boteler, New York, N. Y.

Mr. Kissinger.—I now move the adoption of the report as

read, including the resolutions.

PRESIDENT MOORE.—The report is before you and an opportunity is now given for discussion of the report and resolutions. We want to ask that every man in addressing the chair state his name and speak loudly. We shall have two assistants here who will try to get your words.

MR. MANN, Minneapolis.—The Minneapolis association has conducted for four years a course with the Y. M. C. A. The Sioux City association has also cooperated in making a success of the

merchants' course.

MR. BROWN, Toledo.—We had a course in connection with the Y. M. C. A. during the last year and will have another next year.

MR. KNAPP, Portland.—Portland has, in addition to conducting a class in the Y. M. C. A., conducted a course of lectures throughout the winter under the auspices of the University of Oregon, and we already have the promise of similar cooperation with the university for next winter. We consider this one of the most important de-

partments of our work. Our classes are attended by about a

hundred of the credit men of Portland.

MR. VANDEL, Kansas City.—This report is very interesting to me. We have for the last four years been conducting in Kansas City a course in the Y. M. C. A. in credits and business. We have obtained excellent results. I find that not all men, or young men, who desire to take a course of this kind are in a position financially to attend a university or a higher school of instruction to obtain what the credit men are now teaching. We have used what is called "Economics of Business." I believe that it is compiled by a party by the name of Crisgold. His work is on economics from the business man's standpoint. I find that the young men who have studied this book take a deep interest in it and its gives them all of the different phases of business. We use the publication as a text-book for our first year's course.

Next, we take up the theory and practice of credits, and the book which we use is Flagin's "Principles and Practice of Credit." At the end of each chapter is given a list of about fifteen questions which are discussed. These questions are very interesting to the man who is conducting the class, because the class is conducted by credit men who have not the time to prepare a list of questions, and the text overcomes this difficulty admirably. The next book is on the theory and principles of credit. It does not contain a list of questions, and I would like to make a recommendation to the committee which compiles or looks to the compilation of a textbook, that it should not overlook the importance of framing questions to be placed at the end of each chapter covering points treated in the chapter. These questions will assist the instructor in bringing out the important features of the chapter and the student can learn much more and will take a deeper interest.

We have had great success each year, success that is yearly increasing and this work is proving one of the best means of advertising what the Credit Men's Association is doing. (Applause.)

MR. TRIDIE, Baltimore.—We of Baltimore have deliberated a long time about what is the best sort of class to establish. We have reviewed what would be necessary for credit education and have found a general business education to be absolutely essential. We took up the question with Johns Hopkins University, which has promised to give us a course consisting, I think, of thirty weeks, two hours a week, at a cost of only twenty dollars per course. In addition to that, the university will probably give us about sixteen or eighteen other courses. With all this, we hope to do a great deal more work than we have been doing.

By the way, it was necessary to subscribe thirty thousand dollars, ten thousand a year for three years, and for that per unit of twenty dollars subscribed, each man was given the privilege of giving a scholarship, with the recommendation that the employer buying the scholarship give to his employee this scholarship providing he finished top man, one-half if he finished among the first ten, and one-third if he completed the course successfully. That seems to be the real solution of the problem in bringing together the employer, the university and the man. I thank you, Mr. President. (Applause.)

MR. BARTLETTE, New Orleans.—Under the auspices of Tulane

University, the New Orleans association opened a class during the latter half of the past year, giving fifteen lectures, one each week. Those lectures were so successful, not only in teaching the younger generation something about credit education, but also in convincing the older generation that they really knew but little about their own line. The result is that vast interest has been aroused in our work and our board of directors has determined on a renewal of the class next year, either alone or under the auspices of the university.

But in organizing that class we were struggling in the dark. We didn't know how to proceed, and our lectures have convinced us of one thing—that it is a duty of the National Association to determine upon a scientific plan on which credit educational work can be conducted, to the end that there be one system followed throughout the country and nothing done haphazard. In that way, and in that only, we believe, the younger generation of credit men can be educated in a way worthy of the name of credit men and worthy of this Association. (Applause.)

MR. WHITLOCK, Chicago.—The work the Chicago association has done in the past year is felt to have been very practical. The text-book which we have used has been the "hard knocks of experience." We have found, as a great many other associations have found, that while your classes under the management of universities and of Y. M. C. A.'s are excellent, at the same time they do not

reach the rank and file that we are anxious to reach.

Our course is for that great body of young credit men who cannot afford to take part in the course covering theory as well as practice given by colleges and the Y. M. C. A. In our classes we have the benefit of that practical knowledge that men get who have credit work day by day to perform. They give the advantage of this to our young men and others in connection with our course. They give that real, valuable information in the discussion of problems which come to their desks every day and upon which they are laboring. This has been eminently successful, has cost us nothing, practically, in the way of experience, has cost our credit men nothing, and we have an attendance of between four and five hundred upon these lectures.

MR. CHASE, Buffalo.—In Buffalo for several years we made efforts to work with the Y. M. C. A., and in that we were unsuccessful. Last fall, however, we took up the matter ourselves, deciding to furnish lecturers from among our own number. We succeeded in enrolling about thirty-five and in the course of twelve lectures we had an average attendance of about twenty-one, but we found it rather difficult to carry on this course. None of us had had any experience, yet we succeeded in arousing considerable enthusiasm. As Mr. Bartlette said, it would be of great help to those who are starting such classes to have a text-book, and I think the report of the committee, suggesting that a committee of the National Association be formed to consider the proposition should be adopted and an earnest effort made.

PRESIDENT MOORE.—We thank you for the prompt response to the discussion, but our time is now up and we will have to act on

the resolutions.

Mr. Hamburger, of Baltimore, here seconded the motion of the chairman of the committee, and the resolutions were adopted as a whole.

PRESIDENT MOORE.—The next in order is an address on "The Efficient Credit Man as a Power in Commerce," by Frank G. Smith, of Milwaukee.

"THE EFFICIENT CREDIT MAN AS A POWER IN COMMERCE," ADDRESS BY FRANK G. SMITH, MILWAUKEE

Mr. President, Ladies and Gentlemen:

Credit is the life-blood of business. Could the National Association of Credit Men inaugurate a system of education that would imprint indelibly upon the minds of American business men the full significance of that statement, they would accomplish much. With a vast majority, credit has but a hazy meaning. The average retailer, for instance, hardly knows what credit means, and many men in the jobbing and manufacturing lines do not appreciate it is they ought. If they did, the task of our membership committee would not be as arduous as it is.

For generations, sales, then more sales, has been considered the vital fluid of a live business, while the safeguarding of these sales or the creating of a healthy atmosphere in which to make

profitable sales has been lost sight of.

The man who assumes the task of a credit man in any business, let that business be large or small, should be possessed of ability, reliability, endurance and activity. Without a well-developed mind, a man assuming this task will find himself overwhelmed with the complexity of problems that will be brought before him. To such a man comes the task of accepting or rejecting all orders, looking after accounts, the collecting of them when due or the extending of the time, as conditions seem to warrant. In order that a credit man may perform this task, he must be in possession of a very broad range of information. He relies upon several sources of information, mercantile agencies, credit men's reports, credit interchange, the debtor's bank and the statement of the debtor. The credit man must be familiar with the conditions under which the merchant does business. He must understand the commercial conditions upon which he operates. If he lives in a manufacturing city and his trade is largely made up of wage-earners, his ability to pay will largely depend upon the continuous employment of wage-earners. If he lives in an agricultural district or if his trade to a large extent is made up of agricultural people, crops and prices are important considerations.

He must be familiar with the character of the merchant's customers, whether they are regular or transient, whether made up of the upper or lower classes. He must be familiar with the character of the particular business asking credit, the capital required, the amount of credit the line should have, and right here it might be said that owing to recent advances in prices, new credit limits must be

set, for a credit limit of a year ago might be entirely inadequate

at the present time.

One of the drawbacks in business has been inadequate accounting. Many merchants cannot know from their books whether their business has been profitable or unprofitable. Our attention has been forcibly called to this situation by the Federal Trade Commission, which is endeavoring to establish scientific accounting in various lines. The credit men of this country should give every assistance

within their power to this undertaking.

The vice-chairman of the Federal Trade Commission, or rather, the chairman-elect now, has made this startling statement, that out of the 250,000 corporations doing business in the United States, 190,000 do business without profit. It is a fact well known to business men that the general demoralization in a number of lines has been caused by firms who cut prices without knowing what the actual cost of their goods is, and the cost of selling, which is equally important, is usually lost sight of. A merchant who does not know to exactness what his goods cost, what his overhead expenses are and what the cost of selling is, is not in a position to meet intelligently competition and but invites business disaster.

This line of work which has been taken up by the Federal Trade Commission, an improving of accounting systems, the establishment of better standards of bookkeeping and cost accounting, is constructive and will prove of very great benefit to American business in cutting down the bad-debt waste. To quote the exact words of the commission, "Prices will be made on a solid basis of fact and there

will be less unfair, unhealthy and ruinous competition."

Credit involves an analysis of the character of men and an analysis of the value of properties of all kinds. Therefore, if the credit man is to determine with honor and judgment the elements that constitute a man's position in society, his ability, his worth, his accomplishments, this can only be done by a knowledge of the conditions that surround him, those with which he deals and by which he is largely governed.

It would appear that no period of our existence has brought out so many important questions dealing with credit and commerce, and demanding solution, and the credit men of this country, owing to their peculiar position, should give their aid and assistance in solving these problems. To mention a few—credit acceptances, improving the national bankruptcy law and development of foreign trade.

We are living in the most momentous period of the world's history. We are too close to passing events to obtain a proper perspective for measuring what the effect of them may be upon this country. Forces are now at work that have completely reversed the currents of trade. Our trade balance has assumed colossal proportions. Gold is pouring into this country from every side. We are to-day the world's greatest gold market. Owing to these world conditions, markets are open to us now to which we have never before had access, and if we want to do business with South America, China and Russia, new credit problems will arise and must be met.

Commercial credit, as we have it to-day, is the creation of modern times and belongs, in its highest type, only to the most enlightened and civilized nations. Credit is the vital air of the system of modern commerce. It has done more, much more, to enrich nations than all the minds of all the world. It has stimulated labor, encouraged manufacturers, pushed commerce over every sea and has brought every people, every kingdom among the races of men to be known to all the rest. It has builded armies, equipped navies and built our nation upon intelligence, wealth and well-directed industry. (Applause.)

PRESIDENT MOORE.—Our next order of business will be the report of the Committee on Credit Department Methods, Irving L.

Iones, of Utica, chairman.

REPORT OF COMMITTEE ON CREDIT DEPARTMENT METHODS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Credit Department Methods Committee has undertaken the consideration of many features of the credit machinery, as they may relate to or affect the credit department facilities.

It is but natural to expect that, with the extension of good order and system in credit granting, the demand will increase for better economies in credit department technique, and for plans of operation and practice that will save needless effort and waste.

Your committee considers this an important department of the National Association, and that it should receive every facility for the consideration of its work, because of the assistance that it may be in insuring economies and protection to the credit department.

Various subjects have been submitted to the units of the committee, and, though it is not possible for the committee to report specially marked progress, yet its work was carried forward with the best diligence and intelligence within its powers. Presenting for your consideration the various subjects that were brought within the study and treatment of the committee during the year, we will proceed under subject headings:

TRADE ACCEPTANCES.

While the trade acceptance is very largely a banking subject, and will receive analytical treatment by the Banking and Currency Committee, yet as an aid to the credit department and a wheel in the credit machinery, your committee believes firmly that the substitution of trade acceptances for open accounts is most desirable, not alone in that a liquid credit is thus created in the place of a rigid credit, but in its powers to bring the buyer and seller of merchandise to a closer relation, to the end that certain evils that have attended the open account system shall be remedied, and a stronger recognition of the purchase obligation by buyers be created.

The advantages of the trade acceptance have been presented to our members through the literature of the National office, and much also of an illuminating character has been brought out in

conference of credit men and the publications of banks.

Your committee believes the system should be encouraged by our organization.

THE EDUCATION OF RETAIL MERCHANTS

The subjects of cost accountancy, the keeping of books of account, and the understanding of proper and safe business methods have been before the Association for many years, but probably at



IRVING L. JONES
International Heater Company, Utica, N. Y.
Chairman Credit Department Methods Committee

no period in its history were these subjects so pressing and insistent

as at present.

It is being realized that failure after failure may be tied up with false or misleading accountancy methods, from the omission by merchants to keep books of account with the resulting inability to know whether they are making a profit or a loss, or to get an understanding of what the proper and safe conduct of a merchandising business requires.

Your committee recommends that very close attention be given these subjects by the incoming committee and the officers and directors of the National Association.

There should be worked out some general forms for the use of retail merchants, some definite information upon cost accountancy, and what rules and plans must be observed if the merchandis-

ing business is to succeed.

And, further, it recommends that the members individually in their various trade associations work to secure action along this line doing so in their respective associations, where the particular accounting problems of an industry or trade can be considered by those best equipped.

THE OBSERVANCE OF SALES TERMS.

A great deal of agitation is taking place over the non-conformance of debtors with sales terms, especially cash discount terms. The National Association, in literature and appeals, and the local associations in a similar fashion, have endeavored to impress upon the merchants of this country the necessity of the observance of sales terms.

If a fast and loose policy be indulged, and merchants permitted to do as they please with the sales contract, a form of immorality is encouraged that will be felt in other features of the credit machinery, and to which may be tied up a portion of the bad-debt

waste.

Your committee condemns, beyond its powers to express, the use of sales terms indulgences as a selling feature, for probably nothing has proved so disastrous as competition in sales terms and credits. Every merchant permitting a violation of his sales terms, especially his cash discount terms, or guilty of such violations, is undermining good order of business and doing a great hurt to the credit machinery.

The Association is urged by your committee to continue its campaign for sales terms observance, and to deprecate by all the powers at its command the non-observance of cash discount terms.

In this connection must be considered the charging of interest on past-due accounts. Too largely is this method of getting prompt collections neglected. But when a contract calls for the payment of an account at a certain period, then, as a matter of strict honesty and fair treatment, the debtor should not only be willing, but required, to allow interest after maturity until the time of payment. Our members are urged to make this a part of their credit department system.

THE NON-NOTIFICATION SYSTEM OF BORROWING ON THE HYPOTHECATION OF ACCOUNTS RECEIVABLE

Your committee is convinced that the using of accounts receivable for borrowing purposes without notification to creditor or debtor is a menace to commercial credits. The facilities so widely advertised must encourage this character of borrowing, and good order in credits condemns anything that is secret, for progress can alone be assured when there is complete openness and frankness between debtor and creditor. Your committee will not dwell upon this subject more specifically, as it has received the consideration of a special committee authorized at the Salt Lake City convention, but it desires that the members of the National Association shall know of its conviction, that secrecy in the using of accounts receivable for borrowing purposes should be prevented by reasonable and proper regulation.

Services of the National Office to Members of the Association

Your committee finds that the National office has developed excellent facilities for serving members in problems and questions that may occur in their credit departments. One of them that has shown its value is reporting on collection agencies. No member should consider contracting with a commercial collection agency, especially when a fee in advance is required, without asking

a confidential report upon the agency of the National office.

The consideration of the National office has been given to law list service and to commercial attorneys. Unquestionably much of our bad-debt waste may be attributed to unfair and dishonest commercial attorneys, and the general manner of assembling attorneys' names and publishing and recommending them by the law lists of the country is subject to criticism. It does not always result in giving proper service to credit men nor the proper treatment to honest and deserving attorneys.

The National office may be used when members are interested in having reliable and efficient correspondents throughout the country. This service is not intended as a competition, but merely as a defense of the deserving attorney who, through his honest and efficient methods, is entitled to recognition, without being required

to pay a round sum for the recommendation of a law list.

The National office is always willing to investigate bankruptcy cases that are criticised for presumably inefficient or dilatory administration.

In general terms, the problems of the credit man can be placed before the National office and its best assistance and services expected.

FINANCIAL STATEMENT FORMS

The necessity is arising of more uniformity in financial statement forms. While the National Association of Credit Men adopted years ago standard forms, and recently a self-addressed form, now largely used, yet a careful study shows that improvements in these forms may be made, and that it is desirable that closer uniformity should exist than at present in the financial statement forms used by banks and mercantile houses. The definite recommendation your committee makes upon the subject is that special conferences on this subject be held during the next year, to the end that the forms recommended by the National Association may be more representative of the most intelligent thought and such as will meet the situation so far as it is within human power.

The passing by many of the states of compensation laws has raised a new hazard for the credit department which should be taken account of. In some states the compensation laws are very comprehensive and if a merchant is not insured against the risk one accident

might wipe out his entire assets. It is, therefore, important that the credit department know what provisions are being made agains this hazard and the question should be incorporated in financial statement forms.

The taking out of life insurance for the benefit of a business is a growing practice and one that should be taken into consideration by credit men. As regards these two forms of insurance, we believe that your attention should be directed to them and that they should continue as features of study by future Credit Department Methods Committees.

The convention will recognize that many elements enter into credit machinery which must be reckoned with by credit men and receive the close and thoughtful consideration of the National Association.

In conclusion of this report your committee begs to offer the following resolutions:

T

"Resolved, By the National Association of Credit Men that as a credit department feature insuring economy and a higher regard for purchase obligations, trade acceptances as a substitute for open accounts, are desirable and are recommended to the consideration and adoption of the commercial credit grantors of the nation.

II

"Resolved, That nothing affects more unfavorably the credit machinery, so encourages indifference towards contracts and produces a worse form of immorality in commercial affairs than the abuse of sales terms, particularly that of the cash discount, and that a very strong appeal be made to the buyers and sellers of merchandise in this nation to make the observance of sales terms a fixed and unswerving policy of their buying and credit departments.

III

"Resolved, By the National Association of Credit Men that the charging of interest on past-due accounts is a reasonable and proper policy and should be adopted and insisted upon in the carrying out of the sales contract.

IV

"Resolved, That greater care should be suggested and urged in the selection of commercial attorneys for the making of adjustments, handling of delinquent accounts and legal matters, for too much looseness in this feature has caused a heavy toll of credit departments, and the remedy is in the care and discrimination of each credit man.

V

"Resolved, That a closer uniformity in financial statement forms is highly desirable and that this subject should receive the careful study and consideration of the incoming Credit Department Methods Committee.

VI

"Resolved, That every encouragement shall be given to the proper understanding and appreciation of safe accountancy methods, that retail merchants may be led to keep simple yet proper books of account and to understand that failing to do so affects their credit abilities, and the promulgation of information upon safe business principles and practices."

Respectfully submitted,

IRVING L. JONES, Chairman, Utica, N. Y.
G. W. SEYBOLD, Utica, N. Y.
SYLVESTER B. FRENCH, Utica, N. Y.
L. A. ALLEN, Vice-Chairman, Bridgeport, Conn.
D. A. McCarthy, Bridgeport, Conn.
J. T. Patterson, Bridgeport, Conn.
J. T. JENKINS, Vice-Chairman, Nashville, Tenn.
H. T. HILL, Nashville, Tenn.
J. T. Haden, Nashville, Tenn.
C. N. Bevan, Vice-Chairman, Toledo, Ohio.
FRANK C. PENOYER, Toledo, Ohio.
J. E. Carr, Adrian, Mich.

Mr. Jones moved the adoption of the report and resolutions.

PRESIDENT MOORE.—You have heard the report and the motion for its adoption. There is now an opportunity to discuss this report and committee's work.

MR. NEWTON, Milwaukee.—We have used the trade acceptance in connection with our foreign trade for three years but have never known that it had any use in this country until last January, when we were fortunate enough to hear an address by one of the directors of the Chicago district, and largely upon his recommendation we asked a few of our best customers to try it out and it worked very well.

After carefully considering the matter from every standpoint, we have decided to send a trade acceptance blank with each invoice, together with a letter explaining the trade acceptance, requesting our customer either to discount his bill or use the trade acceptance. I want to emphasize the fact that sixty per cent. of our houses are, as I believe, willing to try out trade acceptances. I would like to recommend very earnestly that the National office recommend a scientific form for sending out with the invoice, a carefully worked out system for each member. I would also like to see the members go back home, each determined to do his little in pushing the good work along.

MR. HALL, Dallas.—I am sure every member of the convention will be in favor of the adoption of Resolution No. 3, with reference to the charging of interest on past-due accounts. Not long ago our friend, Tregoe, wrote down to Texas to find out what the Texas law was on that subject. He said that he had been advised that the Texas law permitted the charging of interest on January first following the maturity of the account. It was so. If one of our outside friends sold a bill of goods in Texas in 1916 and the merchant refused to pay him, unfortunately he could not collect interest until January

first, 1917. The men of Texas have been criticised for not remedying this situation, and I want to announce to this convention that the Texas members are going to remedy the situation, so that the charging of interest will be permitted from the date of maturity and not

the first of January following.

MR. SNYDER, Philadelphia.—In reference to Resolution No. 5, relative to greater uniformity in statement blanks, I think we can proceed upon them from the necessity of statements and the desirability of uniformity. Those who have followed credit literature during the last two years, particularly since the establishment of the Federal Reserve Banks, have noticed a large accession to the supply of credit statement forms and have also seen a fresh crop of men who believe that credit granting is to be reduced to a mathematical and a mechanical basis; but those who are seniors and who blazed the trail when credit granting was an undiscovered country, have passed through this particular period and have invented forms to get back to the real basis of credit granting, which is the man behind the statement.

Statements are only valuable in connection with other forms of credit information. They enable the credit man to read therefrom the character of the man who made the statement and his ability to conduct his business successfully. By all means, let us have uniformity in credit blanks if we can get it, but in any ideal, let us not forget the very practical side, that man is the first consideration in

credit granting.

MR. CRANSTON, Columbus.—As one who has religiously charged interest on past-due accounts, almost to the point of its being a mania, and has received plenty of damning for it, I have always made it a point to emphasize the fact that that is not the main purpose in making the charge. I use a little sticker a good deal of of the time, calling attention to the fact that "this is simply to check loss, that your business and ours would starve to death if it did business upon a six per cent. basis." I do not think it is a wise thing simply to add the interest to the account and say nothing further.

Mr. Dobson, Utica.—To my mind the most important part of this report is that in reference to the abuse of terms of sale. It is generally conceded by all credit men that it is highly desirable to observe terms of sale, and yet I question whether, here and there, there is not a credit man who once in a while lapses a little from from the standard he would like to have observed by everybody.

In the first place, we must educate ourselves. We must understand that we have to observe the terms of sale ourselves. In the second place, we have to recognize the fact that this Association stands for cooperation. We hear a great deal about cooperation between the credit department and the sales department. Following along that same line, why would it not be wise to try to inaugurate a little cooperation between this organization and other organizations, the memberships in which are largely represented and the meetings of which are largely attended by representatives of the sales departments? If we can only bring the head of the sales department to see the serious results, the serious evils of this abuse of terms of sale, we will have won our battle.

I am going to offer this as a suggestion merely. There is a number of trade organizations such as I have mentioned. There are two or three that come to me at a moment's thought in my own line of business. Why would it not be wise to have a committee take up with these other organizations this question of observance of terms of sale, with a view to cooperating with them for better education along this line, and see if we cannot in that way overcome the evil? (Applause.)

MR. UNDERWOOD, Portland.—I want to say just one word about the trade acceptance. I do not believe we have ever picked up anything yet that will do as much to take the merchant out of the loaning business and put the loaning business in the bank where it belong,

as the trade acceptance. (Applause.)

If you men want to stay in the money-loaning business, just continue to carry your accounts until they are long overdue. If you do not want to stay in the money-loaning business, take trade

acceptances and let the banks do the carrying.

I have talked this question until I really have gotten some of my retail friends imbued with the idea that they can use the acceptance with their customers. They realize that they are not going to be put into general use immediately without a good bit of effort, but they realize that with tactful, diplomatic education they are going to be able to use them, and I am going to do everything I can

to help.

MR. SEIDENSPINNER, Milwaukee.—I want to say a few words in connection with the report of the committee. We all admit that the taking of the cash discount after the expiration of the terms named is an abuse that has been growing and growing to almost overwhelming proportions, and if we are going to have any terms at all and not take simply what is handed to us, it is time that we put a stop to the abuse, and there is no organization in a better position to stop it to-day than the National Association of Credit Men.

In a measure, perhaps, we are to blame for the condition of which we complain, because it is a practice growing out of keen competition and then allowed to grow through carelessness and neglect, but there is absolutely no reason why the abuse should be continued. It represents a "steal" and we must stop it. I am glad to note that manufacturers and jobbers in a good many lines are fighting and fighting hard, but individual effort is not going to count for much. It takes concerted action on the part of everybody that has any use for terms at all, and as I said before, the body to do the work is this Association.

A number of the local associations now are fighting for the observance of terms. Some have passed resolutions on the subject in the way of educating the dealers and also in the rules to be made for turning down the remittances, but as I said before, individual effort will count for little. There must be a national

movement.

There are two ways that I can see by which you can accomplish something. One is to turn down absolutely every cash remittance that does not comply with the terms. (Applause.) By that I mean, turn it down. Do not keep the check and apply it on

account and try to collect your discount afterwards. Send the check back and insist on the full remittance. It is your due and

you have a right to collect it.

Another method is in educating the dealer. The Association uses a sticker at this time which calls attention to the fact that the man has taken off the cash discount to which he is not entitled and asks him please to remit. That is good as far as it goes. It may get you the discount in time, but it is the wrong method to pursue. It is just like locking the barn after your horse is gone. What you want to do is to use a sticker that in the first place calls attention to the terms; put it on every invoice and merely state that these are your terms and that discount can be taken if remittance reaches you within a certain time, and there will be absolutely no discount after that time. Use that sticker on every invoice that you send out and the dealer will soon find that he isn't up against an individual firm, but that he is up against a concerted movement directed by a just organization.

I would like to see this Association to-day go on record as a body in recommending some form of concerted action. (Applause.)

MR. REID, Denver.—There is an old saying that the last shall be first. I believe that Resolution No. 6 could stand very well at the head. It is my duty often to travel through the state from which I come and the adjoining state, and in the course of my business I find that the retail grocer is not a good bookkeeper. I am very glad to find that the committee recommends a simple form of books for the retail merchant.

MR. RINDGE, Grand Rapids.—At the last meeting of what we call our "Merchants' Congress," we had about two hundred and fifty country merchants present. They were graduated from the working men of the farm. They knew their ignorance and they wanted to learn. We did not have the attendance we expected but the interest shown was remarkable and we were greatly encouraged. Grand Rapids is not the only town holding these conferences. Sioux City has held them and a number of other cities in the West, and they are a most excellent thing.

MR. EZEKIEL, Birmingham.—I want to embody two of the recommendations in one. I want the National Association to make a sticker that shall embody three points: First, the time at which a man is entitled to discount; second, the date of maturity; and

third, the date after which interest shall be charged.

MR. BRADEN, Louisville.—We talk every year about sales terms. I believe this is due to the discount that we allow. Why do we allow the cash discount? (Applause.) The principle on which a cash discount is allowed must necessarily be wrong. We allow two per cent. in ten days and the money is not worth two per cent. in ten days and everybody knows it. Remove the practice of allowing a cash discount and you have solved the problem of sales terms. (Prolonged applause.)

MR. KOESTER, Newark.—I want to answer our friend about the abolition of the cash discount as one who represents a concern which has abolished it. (Applause.) I simply want to repeat what has appeared in the "Bulletin," that we received a letter from one of the largest concerns in this country wherein they told us that

we must accept their order and allow them the cash discount as specified on the order. We refused and then this came back with a postscript, "We need the goods. Send them on at your own terms." Our line is paints, lubricants, graphite goods generally. We have been successful in our new method since January first and we have had a number of cases of surrender to our terms. (Applause.)

PRESIDENT MOORE.—After hearing from one man who has his nerve with him, the discussion must close. Is the motion seconded? (Seconded by several.) How will you adopt the resolutions. singly

or as a whole?

The resolutions were adopted as a whole.

PRESIDENT MOORE.—I remember that I went down South once, and I am not sure that I went to the city that the gentleman comes from who spoke a while ago. I floundered around, as I have a good many times, to know just what to talk about, and I finally stumbled on cash discounts. It was in those times when we were having all the trouble in the South. I said to one of my good friends, "Shall I talk on the taking of cash discounts?" He said, "My God, no! We are anxious to get the money any way." (Laughter.)

I know that to our friend upon the platform who shall speak to you next, representing as he does the largest manufacturing and jobbing association in this country or in the world, the discussion and the report which have just preceded his address will be of much interest. It is my personal pleasure to introduce a friend of many years' standing, a man whose individual efforts have brought about many of the reforms along the lines that we have worked; a man who is working hand in hand with us to create the proper conditions in business, and I have the very great pleasure of introducing E. W. McCullough, secretary of the National Implement and Vehicle Manufacturers' Association.

"OUR RESPONSIBILITIES TO THE RETAIL MERCHANT," ADDRESS BY E. W. McCULLOUGH, SECRETARY, NATIONAL IMPLEMENT AND VEHICLE MANUFACTURERS' ASSOCIATION, CHICAGO, ILL.

Mr. Chairman, Ladies and Gentlemen:

After I had completed the preparation of my extemporaneous remarks for this occasion, I sent the matter on to New York, but in the course of the transmission of this subject to the printer who prepared the program, I find that my subject, "The Education of the Retail Dealer," has been paraphrased to "Our Responsibility to the Retail Merchant." I do not know whether that was due to the wisdom of our friend, Tregoe, or not. I imagine it was, and I want to thank him for it because it really expresses more comprehensively the subject that I desire to place before you this afternoon.

The problems of merchandise distribution are today paramount to those of production, and careful analysis reveals the retailer to be at once the greatest factor, yet the weakest link in the chain.

The merchant came into being as a necessary convenience to producer and consumer in the earlier days when they could no

longer continue the game of barter and trade on the basis of

swapping.

In the evolution from those times to the present there has been developed those who perform special functions in the plan of distribution, *i. e.*, the agent, factor, broker, jobber, wholesaler and retailer.

All wares in passing from the producer to final consumption usually go through the hands of one or more of the agencies mentioned, but terminate in the retailer, whether he be known as

department store, mail-order house or retail merchant.

I desire, however, in these remarks to deal with the retail merchant, because in numbers he exceeds all other selling agencies. It is this class which has been assailed most frequently in recent investigations of the increasing cost of living, but the verdict, as you know, has generally been in his favor and has charged the consumer with extravagant demands for service as the prime cause of increased costs.

The retail merchant is of the class which causes the credit man his greatest worries, and is one of the most unstable subjects for credit-granting. He furnishes the greatest number of failures reported by commercial agencies. For the year 1915 the commercial agencies record 21,661 failures in the United States and Canada, of which 20,251, or 93.5 per cent., had invested \$5,000 capital or less, and it may be safely assumed that because of the limited capital employed the great majority were retailers of one kind or another.

In analyzing the general causes for failure, 74.4 per cent. are said to have failed because of some fault or deficiency of their own, while 25.6 per cent. lost out because of outside or extraneous causes.

Note this wide difference between causes of failure possible to control and those chargeable to circumstances beyond control, for it is my purpose later to point out how by proper cooperation between the credit and sales departments the former percentage can (as I believe) be greatly reduced.

In assigning primary reasons why these failures occurred, the usual three—incompetence, inexperience and lack of capital—head the list. These three are largely traceable to the lack of proper business education, either as a preliminary to entering trade or the

difficulty of acquiring it in time to avert the calamity.

With all his shortcomings, however, the retailer I refer to is the only agency which maintains intimate personal touch with the consumer and caters to his needs in a manner impossible by mechanical methods. In localities where consumers are more or less isolated, he is frequently called upon to advise on many questions of human interest to his patrons aside from business, which still further binds them to him. The consuming buyers' interest may be aroused by clever advertising and he can often be sold through the medium of a well-written letter, but nothing will ever hold his continued interest nor prove so effective in helping him to a decision as the influence of personal salesmanship—it is human contact and cannot be wholly eliminated in the consideration of human wants.

Because of this close association with the consumer, and his intimate knowledge of his condition, I contend it is more economical

to aid in the improvement of this channel of distribution than to cast about for new or novel ways to supplant him.

Let us now inquire into his equipment to serve satisfactorily the consumer, who in this day and age so largely determines our methods of service.

Quoting Nystrom's "Economies of Retailing," some of his extracts from the report of the American Economic Association are

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C. WALTER CARNAN
Baltimore Bargain House, Baltimore, Md.
Director

most enlightening (the data was gathered in several middle western states):

"That the average retailer knows very little of the general condition of his own branch of business.

"There is little efficient organization among retailers.

"That intelligent retailers are coming to understand and deplore this condition of affairs.

"That competition tends constantly and strongly to become mere unintelligent commercial cut-throatism.

"That, compared with capital invested, the volume of

business is very large and the returns very small.

"That the undue extension of credits, and consequent abuse of the credit system by both wholesalers in relation to retailers, and retailers in relation to their customers, is a large factor in the present disordered condition of the retail world."

This indictment of our principal system of distribution, although over twenty years old, will hold in most of its counts at

the present time.

New methods of selling are being tried, not, in my opinion, because distribution through the retailer is not fundamentally sound in principle, but largely because we in dealing with the retailer have placed him in business classification too near to the well-equipped and experienced jobber and wholesaler and have left him to sink or swim.

The engaging of many retailers in business represents their first experiences in merchandising, and, while possessing perhaps two credit requisites—character and capital—there is wholly lacking

the third essential to success—experience.

Then retailers are very often deficient in even the rudiments of a business education, for it is only in very recent years our schools and colleges have arranged their curriculums to include courses for the coming merchant, and it will be some years before the effect will be felt in retail lines. I refer to instruction which deals with the relations of the expenses of a business to the selling

prices of the commodities sold.

To the novice the choice of lines, when not based on some previous experience, may be made under the influence of various circumstances. It is said that farmers not infrequently engage in either the livery or implement business because of familiarity with horses and farm tools, yet their chances for success, commercially speaking, might be quite as safely insured if they had engaged in the drug business because of their familiarity with "chill and fever cure."

If, however, the initial capital is attractive, they seem to experience no difficulty in following their fancy into any line, even though unfitted by temperament or qualifications to make a

success of it.

It may be suggesting ideal ethics to state that we as credit men could keep a large number of these incompetents out of our lines of business if we would, but it does seem that it is our duty to check the trend toward failure of those who lack business education and experience, doing so by friendly suggestions and advice.

Errors of the beginner up to the day he commences to sell can generally be rectified if he can have wise counsel in framing his policy as to expenses, selling prices and profits, but who will

furnish him this advice?

I am almost tempted to answer like the comedian Williams, "Nobodee," but I am reminded of the fact that the credit and sales

departments in an increasing number of lines are giving this problem personal and practical attention. Some, especially in shipping opening stock to a new man, send an expert to suggest the set-up or display of the goods and to advise as to the average costs of doing business, together with such general selling information as will give the right start.

The wrong beginning and a belief that price-matching was meeting competition has been the chief cause of many failures.

Nor does the new and inexperienced retailer represent the only class which should have reasonable supervision, for the passing years do not always add a new deposit of wisdom, and even old customers may fall into unprofitable practices. The requiring of a financial statement at reasonable intervals is excellent, but in addition the testing out of a customer's selling prices on your lines, to determine whether he is maintaining a fair margin of profit, is a somewhat new but valuable safeguard to credit.

In dealing more specifically with the business education of the retailer, close students of this subject have placed at the head of the list the necessity of establishing in his mind by simple and practical methods the relation of his expenses to his volume of sales, thereby establishing that deadline which separates profit from loss. Our own credit association has made some valuable suggestions along these lines, sufficient, I think, to illustrate the principle

and suggest its adaptation to any line.

There should be no hesitancy in inquiring into the methods of those retailing our goods, for if they are not meeting competition and prospering the channel of distribution is clogged. As the conservative banker desires to know how the borrower is to use the money or credit he is extending, so we should trace our goods to the consumer. It is only within the past ten years that earnest and comprehensive efforts have been made to study the expenses of the retailer, and it has been a revelation to those who have undertaken it. In these investigations it was found that the costs of doing business were generally estimated and applied at a "guessed" percentage in the making of selling prices. Such items as store rent, where the property was owned by the proprietor, or salary for the owner or members of his family employed in the business, were omitted. Interest on capital invested and depreciation of any character were unknown to such estimates.

Ordinary accounting methods did not reveal the character nor point out the location of such leaks, yet, where the profit did not absorb them, the profit and loss balance exposed the total shortage

created.

In 1908 Harvard University created a bureau of business research to forge this missing link in the chain of mercantile education, and after years of investigation have brought out business systems for the shoe and grocery lines which meet this great need, and are greatly encouraged by the manner in which progressive retailers have received them.

About 1907 the high percentage of failures, retirements and changes in the ranks of retailers handling agricultural implements and farm operating equipment caused an inquiry to be made which uncovered the fact that a large percentage of dealers sold goods

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at so-called competitive prices, which did not cover the costs of doing business, and in consequence they were dissipating their capital to such an extent that, when in addition they took out their living expenses, the end was soon reached. Strange as it may seem, but few of those who passed out knew the real cause of their misfortune, blaming it to competition. Perhaps one reason for their failure to discern the cause was that extremely long terms were given on these lines and the day of reckoning was thus deferred.

These conditions aroused both manufacturers and retailers and a cost educational association was formed, which issued some rudimentary literature, and in cooperation with organizations of retailers pressed the subject of proper cost figuring at all annual meetings of these associations. Manufacturers, through their organization, aided further by rendering personal and financial help to the work in developing dealers' local clubs for the study of the same subject and improving retailing conditions. These efforts still continue and with the shortening of selling terms constant improvement is apparent.

The retail hardware associations and the organizations of other lines have also done good work, but it is an effort which, if it is to succeed, must be continuous, for new men are constantly coming into business, many of which require the same attention.

The Federal Trade Commission, through its early inquiries into the greatest needs of business, announced that none were more important than that of a standard system of accounting and a uniform plan of cost-finding.

The requirements of the income tax law, census statistics, export data and many other compilations of figures by the government are that the information be furnished from books of record, yet the lack of uniformity in the keeping of such records makes accuracy impossible.

A standard system, or at least the fundamentals of it outlined from Washington, would be most opportune, for in the readjustment in business which will follow the close of the eastern war, competition will undoubtedly force new economies in distribution.

I have purposely refrained from touching upon any other phase of the retailer's business education, believing his greatest need is to know how to conserve his capital and to figure his selling prices to net a profit. If this is learned, and he has any natural bent for merchandising, he will readily acquire the rest in due time.

The pending national legislation on price maintenance, which has so aroused merchandising all over the country, has for its basis the inability of retailers to figure their selling prices on first cost, plus the cost of doing business and a fair profit. There would be little need of the manufacturer fixing resale prices if retailers would figure their costs accurately.

It is my belief that in order to maintain the retailer as our best agency of distribution we must come closer to him than we have, to afford him an opportunity to become as well equipped to deal with the consumer as our skilled salesmen are to deal with him. The chief agencies through which this may be accomplished are the credit and sales departments. It will mean perhaps new duties

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for both, but, as the making of new customers is becoming more and more expensive, the preservation and stability of our trade justifies the effort.

The credit man is today more than a diagnostician, and if the new order of things demand that he sometimes take on the duties of physician or trained nurse, there is more honor and profit than being a writer of epitaphs for the insolvent. (Great applause.)

PRESIDENT MOORE.—Our next order of business is the report of the Committee on Adjustment Bureaus, by J. K. Irvine, of Sioux City, Iowa.

REPORT OF ADJUSTMENT BUREAU COMMITTEE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Adjustment Bureau Committee has found that excellent and thorough work in this department has been done by former committees, and that certain regulations for the efficiency of the department had been provided for largely in the resolutions adopted at the last annual meeting of the officers and directors of the National Association and the recommendations of the conference in Chicago, of January 18th, of Adjustment Bureau managers.

Your committee believes that with these recommendations and resolutions observed and followed, the question of proper and efficient operation of Adjustment Bureaus would be solved.

With a view to ascertaining how closely these recommendations and resolutions are being observed by the Adjustment Bureaus your committee addressed a communication to each bureau bringing to their attention the recommendations and resolutions referred to largely in interrogative form, so that replies might be given which would determine the attitude of the bureau and further the requirements of each.

The replies received indicate that said recommendations and resolutions were closely followed, and the results therefrom satisfactory.

This communication also brought out certain requests and suggestions from Adjustment Bureaus looking to the improvement of the service, and it is largely on these suggestions that your committee is framing the recommendations in this report.

The committee has found that members of the Association and creditors generally lack knowledge of the functions and value of Adjustment Bureaus for the economical adjustment of insolvent estates and the conservation of assets, and your committee therefore earnestly recommends that there be prepared by the incoming committee in collaboration with the National office, and issued by the latter to members, a pamphlet giving full information as to the operation and value of Adjustment Bureaus.

Your committee reached the conclusion that it was very de-

sirable, so far as possible, for Adjustment Bureaus to operate on a uniform system, and with this in view further recommends that the National office prepare and issue a pamphlet giving instructions on proper administration and rules that should govern the relation of Adjustment Bureaus with each other and the National office.

It appeared to be the very general opinion among managers of Adjustment Bureaus that closer relations should be established and



J. K. IRVINE
Knapp & Spencer Company, Sioux City, Ia.
Chairman Adjustment Bureau Committee

exist between the bureaus and the National office. Such relations would have a tendency to establish confidence with distant creditors and simplify the assembling of claims, and thus facilitate the work of the bureau. It was conceded generally that if the National office is to assume responsibility for the bureaus, it should be put in a position of close touch with them and their work. With this in view, your committee offers the following recommendations:

A form of report to be prepared by the National office and issued to Adjustment Bureaus for use in reporting results of their audits, either semi-annual or annual, as the practice of the bureaus may be, such report to be filled in and signed by the auditor doing the work, and filed with the National office.

A form to be prepared by the National office and issued to Adjustment Bureaus, covering requirements that should be met by applicants for the position of manager or commissioner, such form to be filled in, filed with the National office before the applicant is accepted by the local association or the local supervising committee.

Bonds of managers, commissioners and employees handling funds of Adjustment Bureaus to be in such

amounts as may be approved by the National office.

It was also brought out that supervision of cases on hand for adjustment, by local Boards of directors or adjustment bureau committees, was impracticable, as a close supervision meant a detailed knowledge of such cases all of which required more time than such board or committee could devote. It was indicated that supervising committees of creditors offered the best solution of this difficulty, for such committee of creditors would have more intimate knowledge regarding each particular case, and a much less expenditure of time would therefore be required of such committees in following its details.

Your committee, therefore, to meet this situation, recommends that a general supervision of Adjustment Bureaus should continue to be vested in boards of directors and adjustment bureau committees; that, in administering the affairs of estates insolvent or embarrassed, there should be joined with the manager of the Adjustment Bureau a committee of the creditors in each case, who will decide upon all important steps involved in the administration of such estate.

It is furthermore recommended by your committee that managers of Adjustment Bureaus be employed on a salary basis and not on a commission. The reasons for this recommendation need

not be enlarged upon in this report.

Your committee takes occasion to express to managers and other officials of local associations operating bureaus its appreciation for their courtesies in complying with its request for information. It has been indeed gratifying to note the readiness with which responses were made, and that you gave your committee the information and assistance it asked.

Your committee, based upon the information it has been able to gather, can congratulate most heartily the Association on its Adjustment Bureaus and the efficient manner they are doing their work. In conclusion, your committee offers the following resolu-

tions:

1

"Resolved, By the National Association of Credit Men in convention assembled, that the ideas of economy and despatch in the

treatment of embarrassed and insolvent estates, as expressed in the Adjustment Bureau plan, deserve the very sincere cooperation and support of its members and credit grantors generally, for thus is offered an effective machinery for the consolidation of interests and the saving of that waste which attends independent action or lack of cohesion at the most serious period of a credit risk.

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"Resolved, That efficiency of operation and thoroughness of supervision are necessary as guarantees for the best service from this department, and it is therefore urged that all local associations operating Adjustment Bureaus observe these requirements closely, and thus demonstrate their value and economy.

III

"Resolved, That desirable and proper information in line with the recommendations embraced in this report be given to members of the Association and credit grantors generally, so that careful cooperation may be brought about through a clearer and wider understanding and appreciation of what Adjustment Bureaus are qualified to do.

IV

"Resolved, That it is desirable that Adjustment Bureaus be brought to the very closest uniformity of operation possible, and upon the incoming committee is urged a careful study of this recommendation.

V

"Resolved, That it is desirable that a close relation exist between Adjustment Bureau managers, local supervising committees, the National Committee on Adjustment Bureaus and the National office, so that recommendations may properly be sustained, and a unity of operation that will give assurances of more efficient and thorough management and supervision be brought about.

VI

"Resolved, That the thanks of the National Association of Credit Men be extended to local associations that are operating effectively Adjustment Bureaus, and that a consideration of the possibilities of establishing such departments should be given by those associations that are not at present conducting a bureau."

Respectfully submitted,

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J. K. IRVINE, Sioux City, Iowa, Chairman.

A. P. Solberg, Sioux City, Iowa.

W. M. DERTHICK, JR., Sioux City, Iowa. L. A. WETER, Buffalo, N. Y., Vice-Chairman.

A. E. GOODWIN, Buffalo, N. Y.

WOLF BERGMAN, Buffalo, N. Y.

HENRY W. Louis, Los Angeles, Cal., Vice-Chairman,

A. K. Care, Los Angeles, Cal. W. Frank Robertson, Norfolk, Va., Vice-Chairman.

J. T. Maddrey, Norfolk, Va. A. C. Serpell, Norfolk, Va.

CHARLES KNORR, Wichita, Kans., Vice-Chairman. Guy M. TRUEX, Wichita, Kans.

GUY M. TRUEX, Wichita, Kans. MAX L. JOHNSON, Wichita, Kans.

FRED STANTON, Spokane, Wash., Vice-Chairman.

T. F. Kilby, Spokane, Wash. T. F. Meeds, Spokane, Wash.

Mr. Irvine moved the adoption of the report of the committee and its resolutions.

President Moore.—You have heard the report with its recommendations. Is there any discussion?

MR. LAMB, Greenfield, Mass.—Being but an individual member of this worthy organization, I feel somewhat like a small voice crying in the wilderness, especially as I find so many sleek and prosperous-looking local organizations about me. I envy those who are fortunate enough to be members of such and who are affiliated with this Association.

But touching upon this question of industrial bureaus generally and their work, I want to cite for the benefit of the convention an experience which came under my observation. One of our customers in Jacksonville found himself in straitened circumstances and unable to meet his obligations with promptness and called upon his creditors for further time. We happened to be one of them, and concluding from his statement that he would get out of his difficulties in time, we granted the extension which he desired.

Subsequently, it seems the work was carried on through a creditors' committee, or at least one was proposed, and following that, our claim or account was solicited by the adjustment bureau in that city. We gave it. Then a later development came about and the firm, voluntarily or involuntarily, went into bankruptcy. The adjustment bureau came back and requested a proof of claim covering our account and also a power of attorney in the name of the manager of the bureau. The proof of claim and power of attorney were sent to the bureau and nothing further was heard until one day we received notice from the referee of bankruptcy to the effect that our claim had been thrown out as unsustainable, from the fact that it was made out through power of attorney in the name of the manager of the adjustment bureau and he was not qualified to appear in such cases before the court.

Let me say that it has been our policy, so far as possible, whenever claims of this sort developed, to favor the adjustment bureaus, believing that it was policy to do so from our own standpoint as well as from the standpoint of the credit member generally. The question which I would like to ask is whether or not other adjustment bureaus have experienced this same trouble, and if so, if it would not be better to have proofs of claims and powers of attorney, or at least, powers of attorney made out in the name of

attorneys, in order that there may be no question about their power to act in such cases.

If, on the other hand, this is merely a scheme of shyster lawyers to still further uphold this claim clause, and if business men have the privilege of fighting their own claims through all steps of adjustment, whether in bankruptcy or without, then let the Association show its red blood and fight this thing to a point of conclusion and have this settled once for all, relieving us from any further

difficulty.

Mr. McCallum, Chattanooga.—We had the same experience with this same bureau, of which Mr. Lyle, of Jacksonville, is now head. When the difficulty of which Mr. Lamb speaks first came up, Mr. Lyle wrote some letters to southern adjustment bureau managers, asking whether or not they had any such trouble. answered immediately offering to furnish briefs and copies of the testimony as taken up in a case similar to his with our district

We had a case where we controlled a majority of the claims, just as Mr. Lyle did in the case cited by Mr. Lamb and for a while it seemed that a couple of firms of merchants had appointed themselves to dictate to the business men as to how they should file their claims in the bankruptcy court; that is, they did not seem to think they had a right to represent that claim through a number

of business men.

We consider that an adjustment bureau manager may represent a creditor in bankruptcy court. The powers of attorney are made out to me just as they were to Mr. Lyle, and a great many of the other associations use the same form, and the bankruptcy law is plain on that subject. The creditor has a perfect right to make the power of attorney, to give a person power of attorney to go after that claim.

I remember the judge sustained the referee, overruled the objections of the attorneys. They reviewed it and the judge again sustained the referee. I have so answered Mr. Lyle and our attorneys in Chattanooga are working with him now in preparing a

brief of defense.

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I think this is a very important matter that should be taken up earnestly. I wish to take this up at our adjustment bureau managers' meeting. It is a matter that is important, I feel, and I know that every adjustment bureau manager is trying, as we do, to give the very best service. We have a high type of men at the head of our adjustment work and this very subject should be fought out. We are right and we want it discussed.

Mr. Baldwin, Atlanta.—In Atlanta, our managers could not file these claims as a corporation. We have had one manager who was an attorney-at-law and one not an attorney-at-law, and these claims were filed through them personally in both instances, and

the United States court recognized them.

As to the report presented, I think that it should meet the hearty approval of this convention. There is one suggestion which comes to me that I think might help matters in the way of educating our members as to the value of the work of the adjustment bureaus —that the monthly-bulletin receive reports from adjustment bureaus giving the result of their adjustments each month in percentages, and have a parallel column giving reports from such bankruptcy cases as they are familiar with in their district, and show in parallel columns the difference in percentages.

I believe that if this were done, it would bring about a much greater appreciation of the work of the adjustment bureau. There is one other item that I want to refer to, and that is the recommenda-



J. L. BALDWIN
E. L. Rhodes & Co., Atlanta, Ga.
Director

tion that the National office approve of such managers as may be selected by the local bureau. I believe there should be certain requirements and I believe that those requirements can be left to the local association. I believe all are interested enough in this branch of work and in the showing made by their local bureaus to get the right kind of men. (Applause.)

MR. MARSHALL, Tampa.—I come from the district in which the case referred to originated, and I might say that our adjustment

bureau can, as a corporation and I as manager of that corporation, file or vote all claims, and often I am the only representative of any creditor to examine the bankrupt. The attorneys at present are usually glad to give me the opportunity and ask me to examine further after they have finished, because of the fact that I was formerly with the United States Department of Justice, making a specialty of investigations of this class. I was much surprised when I learned that my brother in Jacksonville was being hampered as he described.

MR. ROBERTSON, St. Louis.—I believe that if all the associations were to adopt the plan of the St. Louis association, there would be no trouble at all in having the National office pass on any manager. We have a board of directors of broad-minded credit men, and there is no policy pursued by our adjustment bureau at any time that is not known and determined upon by this board of directors. It seems to me that if all the associations were to adopt such plan and get behind these bureaus—I am one of the nine unpaid managers of our bureau—there would be no trouble about the National office passing on candidates for managers. (Applause.)

PRESIDENT MOORE.—The resolutions are before you. Will you

adopt them item by item or as a whole?

The resolutions were adopted as a whole.

Mr. Kingsbury, Rochester.—If this subject of the adjustment bureau is not closed, I would like to say just a word about this report. I read this report very carefully, trying to find something about it to criticise, but I could not. There was in a part of it, however, a reference to the board of managers looking after the estates that have been referred to by Mr. Robertson, from St. Louis, and having in mind a little experience I had several years ago in the case of an adjustment bureau, I would like to speak of it.

A clothing concern failed. Unfortunately, we were the largest creditor, and in making a personal investigation I found, in going into details, that the estate was in the hands of the adjustment bureau. Our claim was with the bureau. A committee of creditors had been appointed and the machinery all set in motion to wind up the estate. One of the committee was a plumber, the other was the editor of the country newspaper, and they were going to run this country store.

I would like to present this resolution:

"Resolved, That the directors, trustees or supervising committees of the local adjustment bureaus be strongly urged that in each case of adjustment, insolvency or bankruptcy handled by the bureau, a committee of creditors be selected by those creditors whose claims are in the hands of the bureau who shall act as an advisory committee in supervising that particular estate."

Mr. Hammond, of Buffalo, seconded the motion to adopt the above resolution.

MR. Shapiro, Bridgeport.—I appeared recently in Hartford at the capitol on behalf of the Bridgeport association, and one of the main objections to the legislation that we were trying to pass was that creditors in cities where there are no adjustment bureaus find it difficult to get any advice; that if creditors go to the average attorney he will try to steer the case into insolvency or bankruptcy for the fees. The lawyer turns up to render the bankrupt advice and assistance and charges him so much without the credit men knowing about the accounts being assigned, and it would seem if the adjustment bureaus were on their job and were alive, working in accord with this resolution, that is, with a proper committee of creditors to assist the man who was about to tumble, it would do away with the necessity of his assigning his accounts. And again, it would protect the creditors and especially the departments in which the credit men are the active heads.

The resolution was adopted.

PRESIDENT MOORE.—If any man among this audience has ever been in business in the Northwest and owed an account that he did not pay, it was either because he did not have the money or that the account did not get into the hands of our next speaker, John P. Galbraith, of the Northwest. His subject is "The Economy and Advantages of the Adjustment Bureau in the Administration of Insolvent Estates." (Applause.)

"THE ECONOMY AND ADVANTAGES OF THE ADJUSTMENT BUREAU IN THE LIQUIDATION OF INSOLVENT ESTATES," ADDRESS BY JOHN P. GALBRAITH, ST. PAUL, MINN.

Ten years ago the subject of my address today would have been very difficult to treat, for at that time few adjustment bureaus had been established and few credit men were familiar with their organization and purposes. The results to be obtained, therefore, were somewhat a matter of speculation. The subject was not assigned to me with the expectation that a large percentage of the membership would be particularly interested in what I had to say, but for the few who have not come in contact with the adjustment bureaus throughout the United States to a sufficient extent to be familiar with the great work being done by those organizations and possibly are not familiar with the conditions which existed prior to their establishment.

Those of you who have been doing credit work for the past twenty-five years know the advantages of the adjustment bureau better than I can tell you. You have gone through the period of the midnight ride, the attachment and execution, when the first one on the ground gained an advantage, when it was "first come, first served, and the devil take the hindermost." You have incurred heavy expenses often, only to find that the other fellow got cold feet a few hours before you did and that you were one of the "hindermost."

You also remember when, under the trust agreement and other forms of amicable liquidation, the collection agencies and commercial attorneys handled the liquidation for profit. You have not forgotten when, under the same arrangement, the estates were handled by the credit man of the largest creditor. You know that under the attachment and execution you seldom received a

dividend unless you were first on the ground; that when the estate was handled by collection agencies and commercial attorneys under amicable arrangements the dividends were not entirely satisfactory. You know that when the credit man of the largest creditor was named trustee, he in most instances had more than he could do in his regular work. The handling of the estate was a burden to him and he was unable in most instances to obtain competent assistance.



J. M. CALLENDER Tone Bros., Des Moines, Ia. Director

It was because of all of these unsatisfactory experiences that the adjustment bureaus were established.

You know that a creditor with a small claim cannot afford to give any estate in liquidation the attention it deserves, that if a creditor has a large claim, and is obliged thereby to give the estate close attention, it is somewhat discouraging to find that only a very small percentage of those interested are willing to give their assist-

ance to him, but if he goes ahead, spends time and money and obtains results, they are not for him alone, but for all creditors alike. He may reap the benefit of only a small proportion of the time and effort and money expended.

How much more satisfactory it is for you to call a matter of this kind to the attention of your own employee, the adjustment bureau, safe in the feeling that it will be given expert and conscientious attention and that by turning it over to the bureau you are doing the best that can be done for yourself and for all.

Did you ever stop to consider the complex character of the ideal trustee, either under an amicable arrangement or in bankruptcy?

He should be a diplomat.

He should be a good lawyer and acquainted with the practice in all courts, especially in the bankruptcy court.

He should be honest, upright and ready and willing to give every one interested exactly what he is entitled to and no more.

He should be a man of judicial temperament, a man of rare executive ability, a man of good administrative ability.

He should be thoroughly posted on all kinds of merchandise, hardware, tinware, cutlery, farm implements, mill and manufacturing machinery, all kinds of raw and manufactured goods, dry goods, groceries, boots and shoes, hats and caps, clothing, gent's furnishings, jewelry, drugs and druggists' sundries, lumber, leather goods, art goods, athletic goods, sporting goods, automobiles and supplies, bakers' supplies, furniture, beds and bedding, heating and plumbing supplies, fruits and vegetables, wagons and carriages, cigars and tobacco, ladies' ready-to-wear goods, millinery, tailors' furnishings, coke and coal, dredges and dredging, dental supplies, wines and liquors, butchers' supplies, billiard tables and supplies, electrical supplies, flour, feed and hay, gloves and mittens, paints and varnishes, and many other lines I have not time to enumerate.

He should be thoroughly posted on insurance and a good insurance adjuster, and, last but not least, he must be a first-class, cracker-jack salesman.

"There ain't no such animal." The man who can measure up to the ideal has not as yet been born. No bureau can measure up to the ideal, but with a well-founded, well-supported bureau, you can come nearer the ideal than in any other way.

One man who attempts to do all things necessary in the liquidation of an estate may accomplish wonders along one particular line, but he is likely to fall far short on all others. The man who makes a good investigation may be a good attorney and handle the legal end of the liquidation in bankruptcy to advantage, but if he should attempt to take the inventory he would probably be a failure, and he would probably be of but little use in disposing of the assets. Most men are willing to admit that they do all things well, but it is utterly impossible for any one man to do all things necessary in an investigation and in the liquidation of an insolvent estate in the best possible way. This is a day of specializing, in law, medicine, business, and in all lines. A man who devotes himself to a particular study or a particular line of endeavor must become expert in that line. An organization, when the employees devote their whole time and attention to a particular line of work, should become expert, and if the organization is proper it should obtain better results than any one individual can obtain. That this is true has been demonstrated in the many markets of the United States where such bureaus have been organized.

I was in hopes that the practice followed by the Committee on Adjustment Bureaus a few years ago would be again taken up and that by the report of the results obtained by the adjustment bureaus I could convince you of the truth of my assertion. Since July 1st, 1912, about four years ago, we closed 571 estates and distributed in dividends almost one and one-half million dollars, with an average dividend of over 35 per cent., and in every estate except four a dividend of some kind was paid. The results obtained by us present simply an example of what is being done by the adjustment bureaus in all parts of the United States.

I remember when, not many years ago, most creditors charged off their account as soon as a customer was adjudged a bankrupt, and never expected to receive a dividend on their claim. It was seldom that they were disappointed. Do you think it would have been possible ten or fifteen years ago to pick out a territory similar to the territory covered by us in which 571 estates were administered and in which there were 567 dividends paid? Estates cannot be handled without incurring a certain amount of expense, and as a general proposition it is profitable to incur expense if the money is properly expended. When you place in the hands of your bureau the responsibility for handling an estate, you may depend on it that no money will be expended except what is for your benefit in the judgment of those in charge. Their every effort is devoted to obtaining results for you. You may not have been on the committee that organized your adjustment bureau, and may not be a member of the board of directors, but it is your bureau, and is a part of your credit department as much as you are. It is organized for your convenience, and it would be as reasonable that you call in an outsider to pass on your orders, while you have assistants who are being paid for the work, as it would to turn your claim over to the first outsider who calls after your customer is in financial difficulties.

When you receive notice that your customer has had a fire, has had a judgment entered against him, has executed a chattel mortgage on his stock, or that anything has happened indicating that your claim is in danger, call the employees of the bureau and unload your troubles on them and be assured that you have done the very best thing that can be done under the circumstances. You are then at liberty to devote your time and attention to live business. The bureau will ascertain who the other creditors are, and

if it is a case for liquidation will see that liquidation is handled in the best manner possible and with the least possible expense. Even though your claim is small, call the bureau and don't wait for it to call you. Information may not have been received by the bureau in regard to the matter. The ideal credit man from the viewpoint of the bureau is one who brings all his troubles to the bureau.

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The name "Adjustment Bureau" is not synonymous with "Aladdin's Lamp." It cannot manufacture assets, and it cannot escape liabilities which your customer has incurred; it cannot obtain proper results without proper organization and employees; it cannot support the proper kind of employees unless you support the bureau. If you use it as it should be used, it will add to your own efficiency and earning power with your house. It is ready to serve you at all times the same as any of your employees. It is not in a position to direct you what to do; it awaits your pleasure, and when you place a matter with it for attention the employees appreciate the confidence shown thereby and do everything possible to merit that confidence.

It is seldom that a creditor is so heavily interested in an estate that he can afford to give the liquidation of the estate the time and attention it should have. In cases of fraud the bureau is in a position to conduct it to better advantage than any one creditor, for the reason that if the creditors are supporting the bureau, it has the information of all the members, and in this way is in a position to safeguard the interests of all to better advantage than any one creditor can safeguard them. The managers of the bureaus are engaged in the work day after day and year after year, and cannot but become expert in the work. Better results are obtained year after year, both in the payment of dividends and in the prosecution of fraudulent failures, by them than through any other means yet discovered.

During the past seven years our own bureau (Northwestern Jobbers' Credit Bureau) has sent fifteen individuals to the penitentiary as a punishment for fraud, and has recovered merchandise and cash to the extent of \$35,500, in connection with fraudulent failures. The individual creditor is not in a position to do this. It is only by cooperation that things of this kind are accomplished. It is only by cooperation that the best results can be obtained along any line in liquidations, and the best method of cooperation is the support of your own adjustment bureau, or that adjustment bureau in the market representing the largest number of claims.

You all remember the time when the information obtained in regard to a liquidation was the trustee's check, countersigned by the referee in bankruptcy, for a certain amount, without any indication as to what percentage, whether it was a first dividend or final dividend, or whether all the assets had been disposed of or what expense had been incurred. You would not be satisfied with that method at the present time, and you know you do not have to be satisfied because of the activities of the adjustment bureaus. The adjustment bureaus have educated you to expect full information in regard to any estate that is being liquidated. You were entitled

to that information, but you did not obtain it prior to the organiza-

tion of adjustment bureaus.

When you are fully informed in regard to the organization and workings of the adjustment bureaus, properly organized, there will be no necessity for urging you to support them. You will realize that the best results are obtained by them in all matters of liquidation. You will realize that they take from your shoulders a heavy burden which you are carrying at the present time and which you can just as well shift to them and obtain better results.

If heretofore you have not been supporting the bureaus, resolve now that upon your return to your desk you will unload a large portion of your troubles on the adjustment bureaus, and if you do this you may be sure that the results you will obtain will be more satisfactory than anything you have experienced in the past.

(Much applause.)

Adjourned after announcement by Secretary Tregoe.

Second Day, Wednesday, June 14, 1916

MORNING SESSION

The morning session of the second day was called to order at 9.30 o'clock by President Moore, who called upon the Rev. Father O'Connell, of Epiphany Parish, for the invocation.

PRESIDENT MOORE.—Our first order of business is to hear the

report of the Committee on Commercial Arbitration.

REPORT OF COMMITTEE ON COMMERCIAL ARBITRATION

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Committee on Commercial Arbitration is permitted to report the first practical results in this department of Association efforts. The honor and congratulations are due the Commercial Arbitration Committee of the Chicago Association of Credit Men.

Though four years have passed since there was adopted and recognized, first a special, and then a standing committee on commercial arbitration, and each committee in succession could report but academically on the subject, yet the belief was deep and strong that the idea deserved encouragement by the National Association of Credit Men, and that there should be no diminution of interest and no relaxation of effort, despite the fact that progress was imperceptible.

Commercial credit grantors have not recognized as they should what waste and expense are attached to the adjudication of commercial disputes, and how easily this might be corrected. The fact that vexatious delays occur in court adjudications, and a large number of cases are not settled upon the merits of the facts but according to procedure and practice, leads to the unfair situation

that either compliance is given or adjudication is not begun, even should the case possess obviously good merits of demand or resistance.

The Chicago committee, under the chairmanship of H. W. Hardy, after a thorough study of its possibilities and practicabilities, recommended to the board of directors of their association the organization of a commercial arbitration department. The board sub-



C. B. CRANSTON
Livingston Seed Company, Columbus, Ohio
Chairman Committee on Commercial Arbitration

mitted to a meeting of the local association an amendment to the constitution and by-laws that would permit such change. The amendment was allowed, and now the committee is proceeding along very thorough lines to organize the department so that it will be available for the settlement of rough and ready commercial disputes, and that its course of procedure and powers may accord with advises of the judges of the courts.

Your committee believes that words of praise should follow this action, and that what Chicago has done should stimulate other associations to do likewise, work for the establishment of the department in the local chamber of commerce or board of trade, with facilities available to the association's members and the commercial public generally.

Your chairman has been in conference with the officers of the Columbus chamber of commerce, looking to the organization of a commercial arbitration department in that chamber. The idea was kindly received and has had serious consideration, and, while your committee would not be justified in anticipating favorable action, yet there is a probability that action will follow these conferences and such a department become available to the commercial interests

of the city.

In line with this idea there is an urgent demand among members of the bar for simplified judicial procedure. It is recognized that our practice, in many features, is following precedents that have been long disused in the country of their origin, and that it is part of good sense to reform, as such reformation would assure economy without interfering with justice. And, assuredly in line with this thought in the profession, for the extension of which we have been giving every aid and effort as an Association, comes the business idea of commercial arbitration.

Other than in Chicago and Columbus, your committee has discovered no strong signs of interest in the committee's subject.

The parent of the idea of commercial arbitration in its modern form, the Chamber of Commerce of the State of New York, continues to believe in the economy and value of the plan, and the committee on commercial arbitration of the Chamber of Commerce of the United States of America, to which Charles L. Bernheimer, of New York City, has given great assistance, is encouraging the plan with local chambers of commerce and boards of trade.

What happens in Chicago will be watched with keen interest, and the incoming committee and its successors should not lose spirit if results do not correspond with efforts, but should hold fast to the idea that commercial arbitration promises relief, with a minimum of

vexation and cost.

In closing this brief report, your committee begs to offer the following resolutions:

"Resolved, That the National Association of Credit Men in convention assembled expresses its appreciation for what has been accomplished by the Committee on Commercial Arbitration of the Chicago Association of Credit Men in organizing a department of commercial arbitration for that association, and extends its sincerest wishes that the results will justify the effort and demonstrate the economy and value of commercial arbitration in the settlement of rough and ready commercial disputes.

"Resolved, That chambers of commerce and boards of trade throughout the country be urged to consider commercial arbitration as worthy of their interest and development, its utility being closely allied to the works of commercial bodies, and each industrial city needing to enjoy the privilege of resorting to such a court for quick and economical adjudication of commercial disputes.

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"Resolved, That the incoming Committee on Commercial Arbitration be encouraged to spread abroad through the best medium available the belief of the Association in commercial arbitration, and exercise its best efforts to interest local associations of credit men in the idea, so that departments may be organized in the associations themselves, or substantial aid and cooperation granted to local chambers of commerce or boards of trade in forming such bureaus."

Respectfully submitted,

C. B. Cranston, Chairman, Columbus, Ohio.

Louis B. Nippert, Columbus, Ohio.

E. B. YOHE, Columbus, Ohio.

J. J. LENIHAN, Vice-Chairman, Cedar Rapids, Iowa.

F. L. INGALLS, Cedar Rapids, Iowa. W. A. EMERSON, Cedar Rapids, Iowa.

SMITH F. HENRY, Vice-Chairman, Burlington, Vt.

F. E. KIMBALL, Burlington, Vt.

A. H. RUTTER, Burlington, Vt. S. A. Moore, Vice-Chairman, Greenville, S. C. D. W. EBAUGH, Greenville, S. C.

M. L. Berry, Greenville, S. C. S. P. KNEELAND, Vice-Chairman, Des Moines, Iowa.

Е. S. Root, Des Moines, Iowa.

J. H. Cochrane, Des Moines, Iowa. JOHN Cox, Vice-Chairman, Quincy, Ill.

CHAS. HEIDBREDER, Quincy, Ill. C. F. PFAFF, Quincy, Ill.

EARL J. LITTEER, Vice-Chairman, Oklahoma City, Okla.

A. R. EASTON, Oklahoma City, Okla. G. M. HEAD, Oklahoma City, Okla.

Report read and its adoption moved by Mr. Cranston, chairman. President Moore.—The convention has heard this report and the motion by the chairman that it be adopted. We now have five minutes for discussion.

Mr. HARDY, Chicago.—I would like to second the resolutions as read, with one exception. I would like to have the three words "rough and ready" struck out of the first resolution.

PRESIDENT MOORE.—You offer that as a substitute, do you? MR. HARDY.—I offer that as a substitute. With the work that we have done in Chicago, I believe there is something more in connection with commercial arbitration than simply settling the disputes of the rough and ready class, and I should like to have those three words struck out, if you please.

PRESIDENT MOORE.—Do you offer that as a motion?
MR. HARDY.—I would like to offer that as a motion.
Motion seconded by Mr. Hoerr, of Chicago, and carried.
PRESIDENT MOORE.—Is there any further discussion?

MR. HARDY.—In our work with the Commercial Arbitration Committee we have had the assistance of J. Harry Olsen, of Chicago, representing the municipal court, and Samuel Rosenbaum, of Philadelphia, an expert on commercial arbitration. Mr. Rosenbaum is here this morning, and I would suggest that he speak to us on commercial arbitration for just a few minutes.

President Moore.—Mr. Rosenbaum, will you please come for-

ward? We will be very glad to hear you.

Mr. Rosenbaum.—I was delighted to see that the report of the chairman of your Committee on Commercial Arbitration laid so much emphasis upon the fact that the adoption of the arbitration idea is not intended as an attack upon our institutions and courts.

This commercial arbitration movement does not contemplate destructive criticisms of defects in our court systems. It is constructive work of first-rate kind. The great advantage of the arbitration of commercial disputes is not that it gets away from courts and lawyers, if I may say so, for be it known I am a lawyer myself, but that it provides an expert medium for decision of technical questions of fact, which business men who are acquainted with the technique of materials and the customs of their trade are better fitted and qualified to decide upon efficiently as experts than are the juries which we at present are saddled with in the trial of all civil cases in our courts. (Applause.)

We know perfectly well that no matter how beautiful the ideal of a democracy may be made to seem in oratory, if you pick twelve men off the streets who very likely do not have the intelligence which you yourselves would require of those whom you would employ in your own businesses and put up to them to decide questions involving thousands of dollars, put up to them to decide questions affecting the qualities or conditions of goods which are the subject of disputes and litigation, it stands to reason that it is

impossible to get a sensible or even an intelligent decision.

Now, what we suggest is based upon the experience of the London trades for the last forty-five years, and is this: That in each industrial center, or in each trade organization, there be machinery provided by means of which experts, or at least men of business who are familiar with the materials upon which they shall pass and with the customs of the trades in which disputes arise, would apply their judgment and integrity and knowledge of the facts and conditions to the settlement of these disputes in an amicable way. Thus these disputes can be settled with a privacy with the chairman of your committee in a manner that it is impossible to achieve under the present condition prevailing in our law courts, and with a cheapness which it is impossible to attain at present when disputes arise and the parties face each other like enemies instead of like friends.

The first point I wish to make, therefore, is that this commercial arbitration system is offered as a constructive substitute and

remedy for the present difficulties with trial by juries in civil cases in the courts.

The second point I want to make is this, that the courts can be of great assistance to any system of commercial arbitration. It has been found in London in these trade tribunals that when questions arise which are purely questions of law, and not questions of facts, such as questions upon the quality or condition of materials or the interpretation of trade clauses in agreements, the arbitration will, nine times out of ten, fall flat, because it is found that business arbitrators who are inclined to settle things in a rough and ready way do not give the parties their just rights when the question to be decided is purely a question of law. And the London trade tribunals provide that when any such question appears in the course of a trade dispute the arbitrators have the right, or they must, upon demand, state that question in the form of a special case for the opinion of a court of law. They take the facts as they have found them, and those facts are binding upon the courts just as though they were the verdict of a jury, and upon those facts the court is called upon, without delay, to state its interpretation of the law. And I would like to suggest for your consideration that when any scheme of arbitration is adopted in industrial centers or in trade organizations, it be inserted as an essential feature that the arbitrators have the power to find the facts finally as though they were a jury, and then call upon the regular courts for the final interpretation of the law upon those facts. I thank you. (Applause.)

MR. WATSON, Columbus.—Following those remarks, I would like to suggest that we reinstate the words "rough and ready."

(Applause.)

PRESIDENT MOORE.—That is merely a suggestion. It will have to be put in a little different form.

Mr. Watson.—I will make it a motion.

Motion seconded.

MR. CRANSTON.—I dislike to disagree with Mr. Watson and also with Brother Tregoe, but I wish you would catch now the finer points in just what has been mentioned. You mean through your commercial bodies, without the aid and assistance of your courts, rough and ready commercial disputes can be disposed of, but what assurance have you now that those disputes once started will not develop into some of the finer disputes? Why can you not simply leave this matter which has been suggested as an amendment, in which I heartily concur, and not characterize, if you please, the kind of dispute that is going to come before your arbitration bodies? Let them do that, and if it develops that a certain legal point must have interpretation, your arbitration matter has lost its character of rough and readiness, and you call in your courts to interpret the law in that manner.

Why should we say "rough and ready"? If you wish to submit simply rough and ready matters, why you may do so. And I will guarantee that you have no assurance that they will remain as such, because after all, the old saying again finds illustration, "The devil himself knoweth not the mind of man." All our acts are demonstrations of the thoughts beforehand, and sometimes they develop very

suddenly out of a given state of affairs that we could not reasonably look forward to.

When it comes to the introduction of matters of arbitration before the committee, it is a matter for rather serious consideration. I do not like to see the iron hoop thrown around this proposition at this time. (Applause.)

PRESIDENT MOORE.—There is before you Mr. Watson's resolu-

tion. What is your pleasure?

Motion overwhelmingly lost.

PRESIDENT MOORE.—You now have before you the committee's report and resolutions. Will you act upon them singly or as a whole?

Motion carried that the resolutions be acted upon as a whole.

PRESIDENT MOORE.—I must beg the pardon of this convention this morning for I had overlooked the fact that this is our national "Flag Day." I would, therefore, ask that you all rise and sing one verse of "America." (Singing.)

We will have just a word of prayer from Father O'Connell.

(Prayer.)

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I very well remember a year ago at Salt Lake City when some one of my friends was seconding my nomination as president, comparing me with the previous presidents and telling what I had that they did not have and what I did not have that they had, the speaker said that I did not possess the peerless oratory of a Gettys. If to possess that I should have to take it from him, I would always be content to do without it.

It is my pleasure this morning to introduce to you a man who needs no introduction, that peerless silver-tongued orator of Kentucky, our former president, Frank M. Gettys. (Applause.)

"THE UNCONSCIOUS RESULTS," ADDRESS BY FRANK M. GETTYS, VICE-PRESIDENT UNION NATIONAL BANK, LOUISVILLE, KY.

Mr. President, Gentlemen of the Convention:

I am quite sure you do not expect me even to attempt to make an address along the lines of those delivered by the distinguished men from different walks of life, who have spoken-each from his own viewpoint-laying before you eloquence, erudition and solid food for thought. Our relations are too intimate for me to presume to bring you a message from a far-off land. I am one of you. My blood is mingled with your blood. Here are gathered some of the men who watched anxiously the first flutter of life of this Association, guided the tottering steps of its early childhood, and now rejoice in the strength of its full maturity. We have hoped, despaired, sung, wept, wined, dined, idealized together. The "Old Guard!" I salute you! Some have gone on ahead; none have drifted away. And so, I speak to-day of something that is our common property, dedicated to the common good; something that we together have created; is still ours to build to, and yet so great a structure is it that a generation or more will be needed for completion.

In discussing briefly "The Unconscious Results," I shall take for my text this morning the 31st, 32d and 33d verses of the 13th Chapter of St. Matthew:

"Another parable put he forth unto them, saying, the kingdom of heaven is like to a grain of mustard seed,

which a man took, and sowed in his field:

"Which indeed is the least of all seeds; but when it is grown, it is the greatest among herbs, and becometh a tree, so that the birds of the air come and lodge in the branches thereof.

"Another parable spake he unto them: The kingdom of heaven is like unto leaven, which a woman took, and hid in three measures of meal, till the whole was leavened."

I suspect I would do well to stop right here. You have seen the application, and already in your mind's eye you have caught a gleam of the abundant harvest—the leavening process—"The Un-

conscious Results."

The mustard seed of this organization was sown at Toledo, June 23d, 1896. It was a favorable season for sowing; the seed fell on fertile ground and sprang up; trade winds have blown its life to the end of our now far-flung battle line, until the luxuriance of its growth provides noonday shelter and refreshment for not a standing but a moving army of more than twenty thousand picked men, engaged in peaceful and rational commercial preparedness in a hundred fortified cities—with a good scout reserve at interior points.

This army has enlisted under a banner bearing these words: "The object of this Association shall be the organization of individual credit men and of associations of credit men throughout the United States, in one central body FOR THE PURPOSE OF RENDERING MORE UNIFORM AND ESTABLISHING MORE FIRMLY THE BASIS UPON WHICH CREDITS IN EVERY BRANCH OF COMMERCIAL ENTERPRISE MAY BE FOUNDED. which shall include a demand for the reform of the laws unfavorable to honest debtors and creditors, and the enactment of laws beneficial to commerce throughout the several states; the improvement of existing methods for the diffusion of information, the gathering and dissemination of data in relation to the subject of credits; the amendment of business customs, whereby all commercial interests may be benefited and the welfare of all may be advanced; the provision of a fund for the protection of members against injustice and fraud and such other objects as the members of this Association may determine."

The Toledo convention was preceded by a gathering of a few credit men in Chicago during the World's Fair, in June, 1893, and in June, 1894, the Sioux City Bureau of Credits was organized. With few exceptions, our conventions have been held in June. I do not know just how or why so many of our activities started in June, but anyhow, it is the charmed month for anything—the month of the completion of the sowing; the cultivation and preparation of the soil; the promise of the harvest. Its prospect appeals to both

the material and the aesthetic senses and the poet has been inspired to exclaim:

"And what is so rare as a day in June!
Then, if ever, come perfect days.
Then heaven tries earth, if it be in tune,
And over it softly, her warm ear lays."

The conscious results—that is to say, the palpable and tangible evidences of the manifold activities of this Association—have been



HAROLD C. CORNELIUS Wolverine Brass Works, Grand Rapids, Mich.

made evident through the work of its standing committees, covering, as they do, every line of business effort. As business has grown more complex under the speeding-up process of specialization and competition, the necessity of all of our useful instruments of conservation has been accentuated. Indeed, these bureaus for information, adjustment and other similarly constructed machinery, deriving motive power from the central body, are an indispensable part of our modern business life. They are, however, but incidental—

mere mute and unresponsive tools which leap to life only in the hands of the men trained in the service of this Association.

The personal contact of credit men, each with one another, has completed the circuit of cooperation and made possible the achievements of which you shall hear through your several committees. However, there are unwritten, unconscious results, that the vision of the most far-sighted among you failed to grasp.

You know the fable of the dying farmer, who called his sons around his bedside and confided to them that there was hidden treasure in his fields. They began digging. The old man knew what sub-soil cultivation would bring about even if his boys did not, and out of the soil-stirring search for the golden coin, they reaped yearly a compensating harvest. Some of us have had to learn our lesson this way, and needed the immediate and apparent results to direct our attention to the possibilities of the slower and deeper growth of the organization. For instance, in patiently endeavoring, state by state, to rid business of reprehensible practices, through appeals to the different legislatures, you did not realize that you were creating a sentiment in the public mind which would in time accord you such consideration at the hands of our national law-makers as has been extended to no other commercial body.

The National Bankruptcy Act has always, and rightly so, been a rallying ground for this Association. Those of us who experienced the trying times of 1907 learned something of the psychology of fear, if we did not already know it. The governor of Texas of that year, aware of seasonable, maturing obligations of merchants. and planters, and appreciating that the mere element of distance might cause a calling in of credit by those not in close personal touch with Texas debtors, paid a tribute to your work when he said in substance: "But for the calming effect of the National Bankruptcy Act and the spirit of your organization, the state of Texas would have been a commercial hell." Is it not clear that in providing a uniform method for the administration of bankrupt estates, you have done not only this but you have also brought about a condition that will alleviate the severity of and aid in dissipating panics; you have created a human interest between debtor and creditor, impressing on both that construction is better than destruction. And so, again the greater result has been a by-product, which, like others, has been of more value and service to humanity than the basis from which it sprang. The "Unconscious Results" are caught in the refining process.

You cannot keep books on this Association. The debit column is made up of a few trifling cash entries plus unstinted time and devotion. The credit side shows a hundredfold return of the cash outlay and an immeasurable quantity of the unmeasurable. You cannot weigh a planet in an apothecary's scale; nor can you calculate to a mathematical precision the influences of a June sun on the green fields. The flowers, the fruit and the ample harvest reveal the answer. Nor is it fair to ask the organization: Has it diminished our nation's bad debt account one-tenth of I per cent.? Has it paid 6 per cent. on the investment? Has it filled our jails with commercial malefactors? We would rather say that our association has been a great moulder of public opinion; that it has put the proper

classification on the successful business-pirate, simultaneously enhancing the cash value of an honest man; that it has developed latent powers in the individual that have made for better business; that it is a maker of men in the truest sense.

The organization, however, is no better nor more virile than the units composing it. Under the spell of our annual conventions, we may swear to lofty ethics and preach a code of business morals that thrill, but unless we take them home with us and live up to-or at

least toward—them, the gathering here is of little avail.

The Association has not escaped its besetments. More than once in the earlier days high-minded men have snatched it out of reach of those who would use it for selfish purposes, and it is a part of the destiny of the Association that at every crisis there has been a sufficient number possessing the sound second thought of the organization to keep it out of serious trouble. And so, some have cleared the ground, blasted out the stumps and drained the swamps.

It is for you to sow, cultivate, irrigate and conserve.

Can the Association go on expanding without sacrificing activity and adjustibility to mere bulk? Is there danger of disintegration in so great a body? That largely is an individual matter. There is a quality that must be injected yearly into the membership. As we say in Kentucky, the "proof" must not be "reduced." Credit men deal with very personal things about people and this is the most personal organization in the world. I do not fear for the future of the Association, realizing when I say this, that its destiny must be with those of you who are coming on, rather than with those of us who are passing through. You will keep it clean.

Some of you may have been so fortunate as to have seen that incomparable actor, Richard Mansfield, in his wonderful production of Cyrano de Bergerac. Shall you ever forget that last scene, when, laid low by his enemies and pinched with hunger, he sits with the autumn leaves falling around him and jests with the good sisters in their garden, as is his wont? In his semi-delirium, his old enemies stalk before him. He rises with effort, fighting to the end:

"What say you? It is useless? Ay, I know! But who fights ever hoping for success?

I fought for lost cause, and for fruitless quest! You there, who are you! You are thousands! Ah!

I know you now, old enemies of mine!

Falsehood!

Have at you! Ah! and Compromise!

Prejudice, Treachery! Surrender, I?

Parley? No, never! You, too, Folly-you? Let be! Yet I fall fighting, fighting still! You strip from me the laurel and the rose! Take all! Despite you there is yet one thing I hold against you all, and when, to-night, I enter Christ's fair courts, and, lowly bowed, Sweep with doffed casque the heavens' threshold blue, One thing is left, that, void of stain or smutch, I bear away despite you, My plume."

And so, I can do no better than to leave with you these two thoughts-the undaunted spirit-the unsmutched plume. In the exercise of the one, in the spirit of the other, you give to your business a new force, the "Unconscious Results" of which will be felt long after the time "when you and I, like streaks of morning cloud. shall have melted into the infinite azure of the past.'

(Great and continued applause.)

PRESIDENT MOORE.—Our next order of business is the report by P. E. Parrott, of St. Joseph, of the Committee on Credit Cooperation.

REPORT OF COMMITTEE ON CREDIT COOPERATION

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

The excellent work done by previous committees on credit cooperation has resulted in the adoption of rules governing the interchange of credit information which, from their fundamental character, remain as guiding principles, and should be kept constantly before every credit department.

NEW FORM FOR INQUIRY BLANK.

During the past year your committee has had its attention called to some instances in which it is evident that some credit men are misled by the form of the inquiry blank now in use, and, to overcome this, recommend some slight changes in the forms. (See Exhibit 1.)

FORM FOR INQUIRY TO BANKS.

The attention of your committee has been called to the fact that no form has been adopted by the Association for use in making inquiries of banks. While, as a rule, the banks are very courteous in answering inquiries, it is urged that the use of an adopted form would apprise the bank of the inquirer's membership in the National Association and would carry the assurance that the answer would be given the implied and necessary secrecy.

Realizing that, where large and important lines of credit are contemplated, the investigation is necessarily more thorough and analytical than where the line of credit is not large, your committee believes it impossible to draft a form suitable to the needs of all and recommends the adoption of a form which, while simple, is

considered reasonably comprehensive. (See Exhibit 2.)

COOPERATION TO AVERT FAILURES.

While the work of previous committees has been largely confined to the subject of credit interchange, your committee feels that there is a still larger field in which this principle of cooperation can be employed with manifestly good results. Several instances have been called to the attention of your committee where failures seemed imminent but where cooperation among creditors successfully averted the failure and avoided the prospective loss. This is constructive cooperation, and, in the opinion of your committee, should be emphasized and encouraged.

We may safely assume that the great majority of delinquent debtors are honestly inclined and would rather retire from an



P. E. PARROTT

Battreal Shoe Company, St. Joseph, Mo.

Chairman Committee on Credit Cooperation

Director

unsuccessful business with a clear record than with a tarnished reputation. On the other hand, we all know how values shrink when business is suspended at the instance of creditors. It is also a matter of common knowledge among credit men that the sudden withdrawal of an important line of credit is a prolific source of failures. Cooperation to conserve assets is the practice on the plane of large business, and why should we not seek to extend its operation?

COOPERATION TO CONSERVE ASSETS OF INSOLVENT ESTATES.

Your committee also believes that there is a possibility of effecting large economies by more effective cooperation among creditors in the handling of insolvent estates. In many cases claims are so widely scattered that gross inefficiency is manifested in handling the assets. There is lack of real interest, lack of unity and lack of necessary experience to get the best results. Your committee has had its attention called to excellent results where the smaller creditors have placed their claims with one or more of the larger creditors and allowed them to work out the problem. In former days this may not have been practicable, but with our new standards of business and greater confidence in our fellow credit men, your committee believes this plan worthy of consideration and trial.

SUGGESTIONS OF PITTSBURGH UNIT OF COMMITTEE.

The Pittsburgh unit of the committee considered carefully the rules promulgated to govern the exchange of credit information and

reports its conclusions as follows:

"We first considered very carefully the rules for bringing about a true interchange of credit experience between members of the National Association of Credit Men, as recommended by the committee of 1915. Taking up the paragraphs in the order of these rules our suggestions and recommendations are as follows:

"Rule No. I—The blank approved and adopted by the National Association of Credit Men for the making of inquiries shall be used.

"We recommend that there should be provided on the blank form referred to a space following the name of the inquiring party and also following the name of the party inquired of, to be filled in to indicate the line of business engaged in by both of the parties.

"The above recommendation also covers paragraph No. 2 which

follows:

"The blank shall always indicate the nature of the business in

which the subject of inquiry is engaged.

"Rule No. 3—Each inquiry shall state the amount of the order which leads to making the inquiry and in addition indicate if it is a first order.

"Our suggestions and recommendations of Rule No. 3 follow:

"The blank space for the amount of the order should be placed on
the form in a more prominent place and recommend that the space
for this purpose should follow the name of the party inquired of,

and, if it is a first order, it should be so indicated.

"Rule No. 5—Inquiries are not to be made except on orders actually in hand or on open account. If investigation is being made with a view to soliciting business or collecting an account, a letter explicitly stating this fact shall accompany the inquiry.

"Our suggestions and recommendations of Rule No. 5 follow:

"It is recommended that it be limited to 'Inquiries are not to be made except on orders actually in hand or on open account,' and that the rest of the rule be eliminated, as we do not believe that any credit man is foolish enough to write a special letter advising the party of whom he is requesting information that he is doing so preparatory to placing his account for collection.

"Rules No. 4, 5, 6, 7 and 8 meet with the entire approval and

hearty endorsement of our committee.

"Referring to the minutes of the September, 1915, meeting of the board of the National Association, held at Kansas City, we recommend that the paragraph contained therein, which reads as follows: 'The tendency, however, of submitting credit bureau clearances for direct exchanges between members of the Association was regarded with some anxiety and the hope expressed that the managers and supervisors of local interchange bureaus would not encourage a tendency to substitute their clearances exclusively for direct interchanges between members of the Association. It was recognized that many members of the Association would not be in a position to avail themselves of the bureaus' service, and furthermore, the larger proportion of the beneficial accomplishments of the Association have been obtained through cooperation, which cooperation is fostered through the direct touch of the members, one with another, in the clearance of credit risks,' be made a part of the rules of your committee, with recommendation that the same be unanimously endorsed."

Your committee begs to offer the following resolutions:

I

"Resolved, By the National Association of Credit Men in convention assembled, that the rules adopted by a former convention for the governance of ledger and credit experience interchange between members of the Association be and are hereby reaffirmed, with the recommendation that they be conformed with exactly in inquiries made by members of the Association of one another.

H

"Resolved, That the incoming Committee on Credit Cooperation be requested and urged to consider the recommendations in this report for the improvement of the standard credit inquiry form of the National Association, so that it shall be brought into conformance with the very latest ideas and latest demands, thus assuring through its usage the best character of service.

TTT

"Resolved, That the members of the National Association of Credit Men be urged to use the standard inquiry form in the conduct of their interchange, for by so doing uniformity will be brought about and better service assured.

TV

"Resolved, That the incoming Committee on Credit Cooperation be urged to consider the form of inquiry to banks for ledger and credit information, and that this convention endorses the idea of the Association adopting as one of its standard forms such an inquiry blank.

"Resolved, By the National Association of Credit Men, that it is most desirable for credit men to cooperate with one another to avert preventable failures and to conserve the assets of insolvent

estates. Too great a cost has been imposed by lack of cooperation between creditors in such situations, and it is timely for the members of this Association to recognize the economy and great value of cooperating at the most critical period in the history of an account."

Respectfully submitted,
P. E. PARROTT, Chairman, St. Joseph, Mo.
C. S. DICKEY, St. Joseph, Mo.
E. D. PLUMMER, St. Joseph, Mo.
W. C. BONHAM, Vice-Chairman, Birmingham, Ala.

T. C. Buckshaw, Birmingham, Ala. W. L. Wilson, Birmingham, Ala.

ROBERT P. SIMONS, Vice-Chairman, Pittsburgh, Pa.

E. M. SEIBERT, Pittsburgh, Pa. WM. P. ROCKHILL, Pittsburgh, Pa.

J. A. GILMORE, Vice-Chairman, Omaha, Neb. W. E. TAUBE, Omaha, Neb.

F. A. WALDMANN, Omaha, Neb.

EXHIBIT I.

RETURN THIS TO US.

Kansas City, Mo.,.....

Kindly give us YOUR EXPERIENCE with

Messrs.....

Name

P. O....

All information will be considered strictly confidential. Yours truly,

Members National Association of Credit Men. Approved and adopted by National Association of Credit Men.

MANNER OF PAYMENT

First Order.... Discounts Or Sold Since..... Prompt and Satisfactory Terms Slow but Considered Good Highest Recent Credit..... Owing Now-Not Due: Slow and Unsatisfactory On Open Account \$..... Pays C. O. D. On Notes - - \$..... Sell for Cash Only Owing Now-Past Due: On Open Account \$..... Account Secured On Notes - -Notes Secured Total Owing Now Account Closed for Cause Other Information..... Makes Unjust Claims Collected by Attorney

Ехнівіт II.

	191
DEAR SIRS: Kindly give and experience with	us, in confidence, your opinion of
from whom we have an order Thanking you in advance,	amounting to \$ we are,
Estimated worth \$ Is business prosperous? Discounts?	Respectfully,
Slow pay?	Reply:
Do you regard them entitled	
to a reasonable credit on reg- ular terms?	

Report read and its adoption moved by Mr. Parrott, chairman. Mr. Heinrici, Kansas City.—I recommend that we consider Form 2, on the lower half, fourth line, the words "Highest recent credit." In view of the fact that probably most of these inquiry slips are answered by the bookkeeper, I recommend that the line be changed, and then we shall have it absolutely fool-proof. We now get the inquiry slips answered something like this: "Highest recent credit, \$500; total amount owing now, \$1,000." You see, the bookkeeper who answered the inquiry probably had in mind the amount of the last recent shipment. But if that line were changed to read "Highest amount owing in the last six months," or probably the "Highest amount owing at any one time in the last six months," then it would be fool-proof. If that meets with your approval, I make it a motion to that effect.

MR. HAMMOND, Buffalo.—It strikes me that the phrase in the form, "Slow and unsatisfactory," is also a little troublesome. What does the average man consider unsatisfactory? One man might consider thirty days and another might consider sixty days as such. If you are sending this form out and asking that it be returned, the man who says "Slow and unsatisfactory" might not have the same idea you have. Why not put in there: "Slow; so many days past due"?

MR. BETHEL, Louisville.—I would like to offer an amendment to Exhibit No. 1. First, referring to the size of the blank, these blanks are cut to fit a standard envelope. In most of our inquiries we enclose a return stamped envelope which is made smaller to fit the outgoing envelope. It seems to me that the inquiry blank should

be trimmed just to fit the insert envelope, after having folded it once. I have heard a good deal of complaint about this, that the inquiry blank does not fit the envelope, and it would be a matter of clipping off only the very small fraction of an inch all around to make it fit the return envelope. That is the first recommendation.

The second recommendation I would make is that we retain the order as originally passed for our inquiry blanks to read: "Kindly give us below your experience with blank," following that with the name of the party of whom we are inquiring, for the reason that a great many firms use transparent envelopes, and by folding this blank once and placing it in a transparent envelope, the envelope need not be addressed, but the name of the party inquired of will appear through the transparent portion of the envelope, thereby saving for some people a great deal of time. I see no reason for reversing the form that we are now using.

Another recommendation that I would make is that after "First Order" you put in parenthesis "Amount." After that put a dollarmark, so that the amount of the first order may be indicated.

Again I would recommend that the line "Slow but considered good" be changed to read: "Days, considered good," so that the number of days may be indicated in the blank space on the left of the question. On the next line, "Slow and unsatisfactory," leave out the "and," and put "Days slow, unsatisfactory." That will give us what the previous speaker asked for, the days slow in each case. It will go just a little further and give us still the opinion of the firm we ask of as to whether they consider the account unsatisfactory, giving us at the same time the days slow.

move that this substitute be accepted for Exhibit No. 1. MR. BRIDGMAN, Buffalo.—All of these blanks have been, and are being, discussed by special committees of the interchange bureau managers, and I would like to have Mr. Bethel substitute a motion to the effect that these blanks be referred to the special committee

with all of these suggestions and let them formulate the blanks for This committee has made a special study along these lines.

Mr. Bethel.—I have no objection, Mr. Chairman, to accepting the amendment offered, but I would certainly beg of you to present the matter to the proper committee, because I think this matter should be considered very carefully.

PRESIDENT MOORE.—That is very kind of you, sir.

MR. McClure, Kansas City.—I would like to offer a substitute for Resolution No. 4, making it read as follows: "That the incoming committee on credit cooperation be asked to confer with the proper committee of the American Bankers' Association to the end that a form of inquiry to banks for ledger and credit information may be agreed upon, and that this convention endorses the idea of the Association adopting as one of its standard forms such an inquiry blank."

Mr. Closson, Omaha.—In seconding that motion, I suggest that instead of calling for the opinion of a bank, you ask simply for its experience. Our experience is that sometimes the opinion of a

bank is not desirable. (Laughter.)

MR. McClure.—I would like to give as a reason for this substitute resolution, that there are many country bankers who are not members of the National Association of Credit Men, and if such a blank form should be sent to them with the endorsement, not only of the National Association of Credit Men, but of the American Bankers' Association, it would get the kind of information we often desire. The banks are just as much interested in knowing what the commercial obligations or new debts their customers are creating amount to, as we are to know their obligations with the local banks. Therefore, I believe that if the form we send them in the nature of an inquiry would have this stamp, they would feel that they were giving this cooperative information which we all so much desire.

MR. Scales, Louisville.—I would like to second the resolution as amended and offered by Mr. McClure. I think the resolution he proposed is very good, and I think the suggestion is an admirable

one.

MR. SEIDENSPINNER, Milwaukee.—The plan suggested has been tried out in Milwaukee in connection with the Bankers' Association and the Wisconsin Credit Association since last January, and my personal experience has been that the results we get from banks are far more gratifying and much more in detail than formerly.

MR. LOVETT, Charleston.—I would like to suggest that on the fourth line of Exhibit No. 1 the word "recent" be omitted from

"Highest recent credit."

PRESIDENT MOORE.—The secretary will read the resolution offered by Mr. McClure. (Resolution read.) You have heard the reading of the resolution. Is there a second to the motion?

Motion carried.

PRESIDENT MOORE.—Time having expired for the discussion of this resolution and this report, will you adopt it as a whole or item by item?

We shall have to adopt it item by item on account of the

amendment.

The secretary reads resolutions one, two, three and five, resolu-

tion four being adopted previously.

MR. OREAR, Kansas City.—I would like to suggest that the amendment to the resolution shall include the words "using the adjustment bureaus wherever they exist" immediately following the word "estates."

The motion seconded by Mr. Bridgman.

Mr. Orear.—The question of cooperation refers as much to the adjustment bureaus as to their interchanges.

PRESIDENT MOORE,—You have heard the motion. What is your pleasure?

Motion carried.

The secretary reads the resolution, which is as follows: "Resolved, By the National Association of Credit Men, that it is most desirable for credit men to cooperate with one another to avert preventable failures and to conserve the assets of insolvent estates, using adjustment bureaus wherever they exist. Too great a cost has been imposed by lack of cooperation between creditors in such situations, and it is timely for the members of this Association to recognize the economy and value of cooperating at the most critical period in the history of an account."

MR. HALL, Dallas.—I suggest that the words "local associations and the National office" be added after the words "using adjustment bureaus wherever they exist."

President Moore.—Do you make that as a motion?

Mr. HALL.—I do.
PRESIDENT MOORE.—Is there a second to the motion?

Motion seconded by Mr. Bridgman.

PRESIDENT MOORE.—You have heard the motion, and it has been seconded. We will now take the vote.

Motion carried.

The secretary reads the resolution, which is as follows: "Resolved, By the National Association of Credit Men, that it is most desirable for credit men to cooperate with one another to avert preventable failures and to conserve the assets of insolvent estates, using adjustment bureaus wherever they exist, local associations and the National office. Too great a cost has been imposed by lack of cooperation between creditors in such situations, and it is timely for the members of this Association to recognize the economy and value of cooperating at the most critical period in the history of an

PRESIDENT MOORE.—There comes to me this morning a great personal pleasure in introducing the next speaker, for he is a soldier from the ranks, but of the front ranks. He is a man who has served this Association from its beginning, a man best qualified, in all probability, to hold an office, but a man whom we have never honored as a National Association with an office, for the reason, probably, that his own modesty has forbidden us. We take great pleasure this morning in hearing this man whom we love, and those of us who love him best love to call him the "Dean of the National Association of Credit Men," (Applause) the man to whom for the establishment of the high standard of ethics and many of the noblest principles of this Association you are most largely indebted, our Mr. Biggs. (Applause.)

"THE EFFECT OF GREATER COOPERATION BETWEEN CREDIT MEN IN A REDUCTION OF THE BAD-DEBT WASTE," ADDRESS BY CHARLES BIGGS, NEW YORK, N. Y.

Mr. President and Members of the National Association and Ladies:

After the kind words of our president, I have to pause a moment before taking up the subject that I was to address you on: a rather dry one, after having heard the eloquence of our dear friend, Gettys.

By the way, I was especially instructed by our secretary as to two points, one that I was not to exceed the time and another that I was to speak loudly, as this is a large room. I will endeavor to do the latter. (Laughter.)

The subject assigned to me, I take it, was assigned to me on the supposition that because of my years I can better afford to accept the criticism which is sure to result from a plain preachment essential to the tackling of the proposition than a younger man could.

OUR EARLY NEED FOR CREDIT.

From the first settlement of what is now the United States.

credit has always been more extensively granted in transactions between man and man than has been the custom in Europe, from whence our forebears have come, and there have been abundantly good reasons for it: Our vast territory containing untold wealth had to be developed and by those who had little of this world's goods, the comparatively small number who possessed movable wealth, whether in merchandise or money, loaned it (extended credit) at high rates of profit to the farmer or the worker until a crop could be raised and marketed, depending upon the results to be realized and upon the honesty of the debtor for repayment in due season; as a rule it may be said that such dependence was rarely misplaced.

No better illustration of the conditions existing in a newly settied region, the small amount of movable wealth available for the needs of the subduers of the wilderness, the struggles for existence they had to endure, with the necessity for such credit as could be obtained to enable them to tide over the period between seed time and harvest, than is pictured in the history of Abraham Lincoln's

early life.

In 1832, just eighty-five years ago, when he was twenty-three years of age, after a hard and roughly spent youth and with very little funds in hand, he joined with one Berry in buying out a country store at Lick Creek in Central Illinois. Berry & Lincoln gave notes for the purchase price, the experiment was unsuccessful and resulted in the concern being sold out to Trent Bros. for their notes, which were indorsed to creditors. They skipped the country, Berry died, and it was many years before Lincoln was able to relieve himself of the millstone around his neck by paying off one hundred cents of the entire obligations with interest. Such notes represented the major portion of the currency of the region for many years later, their value based upon the good faith of those who made or backed them.

In our country there has always been a shortage of liquid capital in proportion to our need for it, especially in the newer portions of our national territory (the boundless West, as we used to think it), which had to be supplied with, or to create for itself, all the appliances of modern life and the mediums necessary to facilitate the exchange of commodities and the products of the soil. Thus came into existence the "Wild Cat" and "Red Dog" currency, which some of us were familiar with before the adoption of the national banking system, and later the free silver heresy, which came not because of any innate dishonesty in our people but from the crying

need for liquid capital.

Within the memory of men now living, all the region west of a line drawn from Chicago to the Gulf was without a mile of railway and but very sparsely settled. From that line to the Rockies, according to the census of 1850, the total population was not one-half greater than that of Pittsburgh at the present time. The liquid capital of those who emigrated from the East, alike with those from across the seas who populated the millions of acres of prairie, woodland and mountain, from which have been carved states added to the Union since 1840, was of trifling amount compared with what was necessary to the exploitation of the agricultural and mineral wealth to be obtained through the command of an actual and ample

sufficiency. As a consequence, capital seeking a profit has flowed westward from every quarter to share in the rich returns realizable from investments in the various transportation projects, public service and commercial propositions, inaugurated for the building up of civilized communities where the legal interest ranged from 6 to 10 per cent. on reasonable certainties, to 2 per cent. a month on speculative investments.



W. B. CROSS F. A. Patrick & Co., Duluth, Minn. Director

ILLEGITIMATE CREDIT.

It is the fashion to laud credit, to dwell upon the beneficence attending its use, to boast as to how great a part of the transactions between the people of our country are based upon it. We know that it is a necessity for our commerce, foreign and domestic, that without it the United States could not have attained its present place in the sun, that it is vital to our well-being; we know also that it has

been abused, that with all the good reason for credit and liberal credit which our people are accustomed to give and take, its use has been too lavish; under conditions very different from those in times past, credit is too cheap to-day, we have been so accustomed to it that we abuse it.

OUR FOREIGN INDEBTEDNESS.

Evidences of the indebtedness for the capital loaned to us, in the form of stocks, bonds, mortgages, etc., have not only been held at home, but have been so largely marketed in Europe as to have made us the debtor nation of the world, until lately, as a result of the war and for the first time in our history, our securities are being sold back to us; responsible financial authorities now claim that our profits from the sale of war requirements to other nations within twenty-two months have aggregated over three thousand millions of dollars, and that somewhere near their volume has been invested in the securities we have bought back. It is, however, doubtful whether we can sufficiently liquidate what we owe abroad to leave us at the close of the war a creditor nation, as requirements for fluid capital are so great that for a long time in the future, as in the past, we may be able to afford profitably to float our obligations in any market that will carry them and to pay the interest accruing thereon.

An array of figures could be prepared to enforce the correctness of what has been set forth, but appears unnecessary for the purpose of this paper.

We have now millions of weekly and monthly wage-earners working in our factories and industries newcomers from other lands, who, until their advent here, never used credit, never had it and never needed it, but who have fallen into our ways, having it almost thrust upon them.

One of the agencies for foisting upon them and tempting them to take unnecessary credit is the installment system; it is demoralizing, destructive of the independence of the debtor who is under the weight of a continuous and wearing obligation to be provided for out of future earnings that may be uncertain; it is expensive, yes, ofttimes ruinous in its cost and should rarely be availed of except through dire necessity; the wage-earners who habitually use credit and depend upon it are never ahead, lose their self-respect and too often they have mortgaged their future and are virtually slaves.

Mexico is an extreme example of such slavery, for the peons' future is almost hopelessly mortgaged, while on the other hand France presents the reverse picture, which we should aim to copy, its people being the most thrifty of any in Europe and the French peasant is the largest owner of his country's national debt. Well would it be for us if our manual workers owned our debt, as they ought to and well could. No credit should be the rule in dealings with any installment concern. Let it trade upon and risk its own capital and no one's else. Our Secretary Tregoe lately quoted some figures upon the outcome of such risks.

BAD-DEBT WASTE.

By the foregoing we can gather how our use of credit had its birth and the measure of its growth, though the assumption of a recent writer that 95 per cent. of all our merchandising is done on

credit is not admitted.

That there is too unwise a use of credit, that there is bad-debt waste as a result, that it is far greater than is warrantable or necessary and that after making every allowance conceivable for what is unavoidable, a large percentage is preventable, we must all be prepared to concede.

FORESIGHT IS BETTER THAN HINDSIGHT.

Probably one-half the loss by bad debts could be avoided by more frequent use of the word NO, in the credit office. If a careful record were kept of the instances in which there was a doubt in the mind of the credit man, as to the advisability of taking the risk and where he had not given himself the benefit of the doubt, it would be found that the major part of the losses suffered occurred in such cases.

THE RESPONSIBILITY OF THE CREDIT OFFICE.

As a matter of fact, the duty of the credit man is to assent to and support the largest possible amount of sales output in the territory covered by the organization he represents, in the hope and expectation that the risks taken will result in the smallest possible loss, that is, such measure of loss as is within the average amount usual in the industry he is identified with and which has been provided for in the estimate of the expense of transacting the business; unfortunately one's conviction and judgment cannot always govern and circumstances exist or arise that may practically force the taking of risks that are known to be little better than a gamble, for there are conditions and considerations which enter into the question of a credit which must be given due weight. A few may be enumerated, for instance:

The need for opening a new market.

The introduction to the trade of a new line.

The closing out of a line at current prices to possibly doubtful parties, rather than carrying it over to another season, when it would be unsalable except at 50 cents on the dollar, more or less.

Doubtful credits under the above and like circumstances may be wise and good business, the possible loss thereon if it occurs

being anticipated and allowed for.

It is to be noted also that for some years and until recently we have had a buyers' market, consumption has not kept pace with the increase in the facilities for production, the manufacturer has been in fierce competition for an outlet and the question has been to the front too often as to where was the smallest shrinkage, a shut-down of the factory with the certain loss and upset of the organization or a continuance of production with a forced outlet at low prices and on loose credits in a hope of pulling through with the least loss.

The jobber has been confronted with the same problem through

failure of crop, overpurchase or change in fashion.

THE PRESSURE ON THE CREDIT MAN.

Our friends in the selling end of the business are always optimistic. That is their proper rôle as salesmen. The pressure from them is always to be reckoned with, their customers are always

first-class, the credit office is always biased, wants to turn down their best friends and knock them out of their commissions.

We are all familiar with these stock arguments:

"This concern has always been a little slow, but is as good as wheat, always paid for ten years past."

"Our firm ought to take the risk as well as New York, they will sell him all he wants."

"We want an outlet, every one is not as good as a bank."

"I've sold that company for the last four years. I know the president, Jim Brown, he's an old friend of mine, has a lot of real estate, he'll put up what is necessary to take care of it."

"He's got a rich father who won't let him fail, it's a

bully good risk if he is a little slow."

Such arguments have to be withstood and where the decision of the credit office is overruled by higher authority, as is known sometimes to be the case, the fact should be recorded and the onus for the subsequent loss properly placed. Certainly were credit men as a rule absolute, notwithstanding all their possible mistakes, bad debts would be fewer.

Although apparently our interests are only identified with banking and commercial risks and we do not come into contact with the consumer, it is essential that we should be able to measure those we take by a knowledge of the ultimate destination of the money or merchandise we loan to our debtors for their intended profitable use, whether they be retailers, wholesalers or manufacturers. It is for us to judge as to whether there is a legitimate outlet for the property credited.

For the past few months there has been a change, shared in by the general trade of the country, consumption has increased as have prices, the wheels of internal commerce (aside from abnormal war demands) are in rapid motion; now there is an excellent opportunity while we are at the height of the wave, to cut out the slow ones and clean the ledger. Let it be done; let us cooperate in this; there is a ready market for our money or merchandise and the loss of such

trade will not be felt.

WHEN THE LOSS IS MADE.

There are certain cardinal principles which should govern every credit man; they are partly embodied in the following canons:

Firstly: Is the failure untainted with fraud, if so, and misfortune or poor judgment occasioned it, every effort should be made to cooperate with other creditors in giving the debtor a reasonable settlement and a chance for the future. If a second failure occurs in the same quarter, grant no settlement; sufficient proof has been given of incompetence. Unite with other creditors in closing up the concern.

Secondly: If a failure is tainted with fraud, make no settlement, join other creditors in wrecking the enterprise and accept the loss; if there is a possible show for a criminal proceeding stand for an assessment to pursue the case; the old arguments, "It is no use throwing good money after bad," or "It is easier to let it go and take what I can get," or "I'm not going to fight and spend time and money for the general good, I can make nothing out of it," or "I'm not an altruist," are unsound in ethics, yes, in morals; furthermore, it is a fact that in the long run altruism pays. It is a disgrace to our commercial acumen, to our intelligence and common-sense to supinely submit to the frauds that are put over on us, mainly through our own carelessness.

Cut out all credit and open no account with any one identified with a fraudulent failure. There are enough honest men in the world to do our business with. We have been guilty in this direction,

but let us turn over a new leaf.

A WORD AS TO THE FINANCIAL STATEMENTS.

It has been contended that a financial statement is of little value in the granting of credit. Occasional instances may be cited which might apparently establish this view. Rogues exist, always have existed, and fraudulent statements are within the knowledge of every credit man; it is his business to sift out the truth and with all possible care he may be deceived.

Every man submitting a written statement should be esteemed honest, but that does not relieve the credit man from the respon-

sibility of using common-sense in analyzing it.

A knowledge of the character of the business of the would-be debtor, his age, his antecedent history, his organization, the place in which the business is being carried on, the competition which is possible, the proportion of apparent capital to the scope of the enterprise, the term of the credit, the character of the merchandise, the outstanding accounts, the proportion of the liabilities not only to the capital employed but also to the volume of business done, with some forecast as to the future prospect of the enterprise, all enter as factors into an intelligent decision in regard to the granting of the credit.

It is not to be supposed that the experienced credit man has by him a list of all these various items and checks one after the other as each is considered, since the sum of all are in his mind in reviewing any financial statement placed before him.

In conclusion, it must be confessed that the greater part of the

bad-debt waste can be avoided by more judicious credits.

(Great applause.)

PRESIDENT MOORE.—We shall now have the report of the Legislative Committee.

REPORT OF THE LEGISLATIVE COMMITTEE

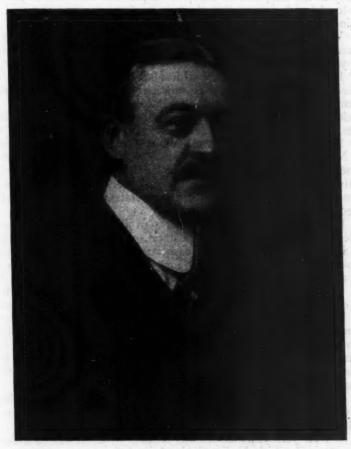
To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

The present year was marked by the convening of but a small number of the state legislatures. Your Legislative Committee, therefore, could concentrate its efforts; but as is usual, the committee's chief work was to counsel with and encourage state and local legislative committees.

Bills patterned upon our model commercial acts, or for the improvement of purely local conditions, were offered in nearly all of the legislatures that convened, and there was manifested, on the part of our members, a high degree of interest in these states, and success rewarded a good proportion of their legislative efforts.

Your committee wishes to express its sincere conviction that no department of the Association develops more practical protective



G. OWEN VINCENT

Commercial Germania Trust & Savings Bank, New Orleans, La.

Chairman Legislative Committee

features than does the legislative, and there should be devoted to its conduct careful consideration in annual conventions and in meetings of the officers and directors of the National Association, that the best skill may be exercised, yet the very greatest prudence, so that legislatures and the business men may fully understand that the Association is seeking not its own ends, but a character of protection within the powers of the states alone to give, and for the ad-

vantage of the commercial public, as that public occupies the positions

of debtor and creditor.

It is regrettable that state legislatures are so generally constituted that the needs of business are not always recognized, and that difficulties are offered to the passage of bills which, on analysis, are found simple, reasonable and effective.

It is a point of further prudence for the Association to move slowly in the adoption of uniform commercial acts and in pressing for local legislation, so that the best wisdom may be expressed and

business saved from a multiplicity of laws.

With these general expressions, your committee takes great pleasure in making a recount of the legislative efforts made during

the year and the results thereof.

In Alabama, through the efforts largely of the Legislative Committee of the Montgomery association, and aided by members in Birmingham and throughout the state, there was enacted a bad check bill. There was passed also a bill to limit the lien of landlords, but the governor refused his signature and it was lost.

In Mississippi, through the efforts of individual members of the National Association in that state, which efforts your chairman earnestly seconded, there was enacted a bad check bill, which received prompt approval from the governor. An effort was made to enact the Association's uniform false statement bill, but the effort

failed.

In Virginia, through the efforts of the state legislative committee, of which Col. John Landstreet, of Richmond, is chairman, and in which efforts all of the associations of the state gave active cooperation, there were enacted a new and effective bulk sales bill, and a magistrates' jurisdiction bill, the latter raising the sum that will come within the jurisdiction of magistrates. The uniform bad check act failed of passage in the lower house of the assembly.

In Maryland, through the efforts of the Baltimore legislative committee, of which F. J. LaMotte is chairman, and S. H. Lauchheimer, counsel, there were enacted the Association's uniform false statement act and an amendatory bulk sales bill. Efforts had been made at the two preceding Maryland assemblies, but without success.

to pass the false statement act.

In New York a very strong effort was made by the state legislative committee, of which A. H. Burt, of Buffalo, was chairman,

to obtain a bad check bill, but the effort failed.

In New Jersey, an effort was made by the Newark legislative committee, of which N. Southerland is chairman, to obtain a bad

check bill, but the effort failed.

In Rhode Island there was obtained through the efforts of the Providence legislative committee, of which H. R. Slade is chairman, a bad check law. In the pursuit of this effort the committee

had to do some very diligent work.

In Kentucky, through the efforts of the Lexington legislative committee, aided by the state legislative committee, of which J. H. Wilkes, of Louisville, is chairman, there was obtained a law regulating the recording of chattel mortgages, a regulation that recent decisions in the state made important.

In South Carolina the fifth consecutive effort was made for

the enactment of the Association's uniform false statement measure,

but history was repeated, and the effort failed.

In Massachusetts a determined effort was made by the state legislative committee, W. F. Beale, Boston, chairman, to obtain the Association's uniform false statement act and bad check bill, but the effort failed. There seemed to be every assurance, however, that if the effort were repeated in 1917 a different story would be told.

In summing up these efforts and the results, it is the opinion of the committee that sincere thanks should be extended in your behalf to the various state and local legislative committees, which unselfishly and for the general good undertook these projects. And, where failure occurred, the thanks should be just as great, for the effort was equally sincere. It is not possible to anticipate what legislatures will do.

The Association is to be congratulated upon adding to the desirable and protective laws of the nation the several measures passed during this year; and, for the assistance so cordially given, and the responses so cheerfully granted, your committee is under

great obligations to the state and local committees.

In closing this report, the following resolutions are offered:

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"Resolved, By the National Association of Credit Men in convention assembled, that the legislative results of the year are regarded with deep appreciation, and the commercial public is to be congratulated upon having the additional protection which these various laws in the several states assure.

II

"Resolved, That the thanks of this convention, expressed in record and through the secretary of the National Association, be extended to the several state and local legislative committees that gave so unselfishly of their time to the obtaining of desirable and protective commercial laws.

III

"Resolved, That it is desirable, from the point of prudence, that the National Association of Credit Men confine its legislative efforts to measures of widely recognized necessity and value, and that its procedure be deliberate and carefully thought out in this important department of the work."

Respectfully submitted,

G. OWEN VINCENT. New Orleans, Chairman.

Report read by Mr. Vincent, chairman.

PRESIDENT MOORE.—You have heard the report. Is there any discussion?

MR. RINDGE, Grand Rapids.—About three weeks ago we amended our chattel mortgage law in Michigan through cooperation

with other credit associations of the state. This year we are going after the bad check law. The check should be good. If a man signs his name on a piece of paper or agrees by check to pay a certain sum, there should be every assurance that the money is there. We are going after the bad check law with great effort and we hope to pass it, and when we see you in Grand Rapids next year we hope to tell you that. (Applause.)

PRESIDENT MOORE.—Shall we adopt the resolutions singly or as

a whole?

Resolutions adopted as a whole.

President Moore.—As a Missourian of some thirty-five years' residence, you can readily understand the pleasure that comes to me in introducing to you this morning our distinguished speaker from whom you will next hear. I have never voted for him, but I have been placed in such positions in the state as to know many another man whom he does not know, who highly esteem and recognize the work of one of Missouri's most distinguished citizens. (Applause.) As he served his state, so he serves his nation, and no matter to what position this man shall attain, he will always distinguish those who place their confidence in him. I take great pleasure in introducing to you the Hon. Joseph W. Folk, or, as we call him in Missouri, Gov. Folk. (Applause.)

"PATRIOTISM REPRESENTED BY THE FLAG," ADDRESS BY HON. JOSEPH W. FOLK, OF MISSOURI

Mr. President, Ladies and Gentlemen:

Your distinguished president did not give you the subject of my address, but the subject of an address does not make very much difference after all. I was over in Virginia a few weeks ago and some one was to make a talk there upon the very learned subject of "Love—A Co. nic Force." (Laughter.) The man who introduced him said he would speak on "Love—A Comic Farce." (Laughter.) The speaker did not call attention to the difference, but went ahead and delivered his original address, and the audience never noticed the difference. (Laughter.)

I shall talk to you a while to-day on the patriotism represented by the flag. I am not so sure that all of you will agree with what I shall say. If you do not, that will be your right and your privilege. It is not so important after all that men and women think alike as it is that men and women think for themselves (Applause) and

arrive at their own conclusions. (Applause.)

I have often said that there are four things in which I take much pride. Some of you agree with me in one or two of these four, while few, if any, in all this great audience will think as I do as to all four.

The first thing in which I take pride, and I am sure you will think as I do on this, is that I am an American citizen. (Applause.) And I am prouder to-day of being an American citizen than I have, ever been before. That is the highest title that could be conferred upon any man. That flag represents an Americanism that is not a matter of birthplace or ancestral allegiance, but an ideal of the

soul and of the spirit. It is a symbol of a union, not only of political entities but of a common aspiration and a common destiny. It proclaims that there must be but one heart nationally, north, east south and west, and that the heart of America. (Applause.) memorializes the sacrifices and the sufferings of those who have laid their all upon freedom's altar in order that we might have the liberty we now enjoy. Its folds are stained by the blood of brave men and the tears of good women. It stands for an Americanism so virile that we demand an army and a navy large enough that there shall be no nation on earth so great that we need fear it, (Applause) or so mighty that we must cower at its feet. (Applause.) stands for Americanism so just that the Golden Rule should be the supreme law in our diplomatic dealings with other nations. It stands for Americanism that should be ready to defend it against the aggression of all nations, with the intention of upholding public rights throughout the world. (Applause.)

That flag means inspiration to lovers of liberty everywhere and encouragement to those who hope for the coming of the day when each man's good shall be all men's aim. It means hope for those who would preserve the sacred fire of brotherhood now in danger of being extinguished in the sanguinary floods across the seas.

That flag represents service. We have it and all that our forefathers gave, and as they served in order that we might have it, so we must serve in our day and generation in order to keep it. The service that it represents is not only service upon the battlefield, but service in everyday life. The time may come, and it is the hope of all good men and women that it will come, when there will be universal peace on this earth. It may be that men and women here this morning will live to see the day when the peace of the world will be kept by an international army and an international navy under the direction of a parliament of the "United States of the Earth." It may be that from the agony of Europe's battlefields there will be born an irresistible demand for some international arrangement in order to maintain the permanent peace of the world. But that time is not yet! So long as other nations are armed for offense, we must be prepared for defense. (Applause.) The mission of America, however, is to uplift mankind, not through the bayonet or the bullet, but by holding aloft those ideals of service and of brotherhood that interpret the heartbeats of humanity.

The second thing in which I take pride, and do not be surprised when you hear this: the second thing in which I take pride is that I am a Missourian. (Applause.) Those of you who are not so fortunate as to be from Missouri can feel proud of your states. You should be. And after all, some are Missourians, some are Pennsylvanians, some are New Yorkers, but you are all Americans, loyal to a common flag and devoted to a common country. (Applause.) We are not Missouri-Americans, Pennsylvania-Americans, New York-Americans, but just plain Americans, Americans before

we are anything else. (Applause.)

The third thing in which I take pride is that I belong to the Baptist Church. (Applause.) Now, some of you may not think as I do in matters of that kind, and if so, we will not quarrel, whether you be Methodists, Presbyterians, Episcopalians, Catholics

or Jews. You have the same right to worship God according to the dictates of your conscience as I have. (Applause.) That is

what the flag means-religious liberty.

The fourth thing in which I take some pride is that I am a Democrat. (Applause.) Perhaps there are among you some who do not agree with me (Laughter and applause) and if so, we will not quarrel. Men may disagree on governmental problems and



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yet one be just as honest as another. That flag stands for political freedom, and I do not use the word "democracy" this morning in its partisan sense, but in its broad meaning. According to my idea, democracy is a religion that is bigger than any political organization and broader than any religious creed, the religion that says "Thou shalt not lie; thou shalt not steal," the religion that demands more of the Golden Rule and less of the rule of gold in government and in our daily lives. Never were the principles of democracy

as thus defined more generally accepted between man and man in this world than to-day. Strange to say, never were those principles more generally disregarded than at present. Some one has said that it takes thousands of years to make a civilized man out of a savage, but only a few minutes to make a savage out of a civilized The truth of this is being illustrated in the great war now going on across the water. However we may deplore the horrors of war, however we may regret its sacrifices and its sufferings, we cannot but admire the sublime courage with which millions of men march unafraid down into the valley of the shadow of death for their country's glory and their country's honor. When men shall learn to serve their fellow men and their country as unselfishly in peace as in war; when men shall be willing to sacrifice a little for the common good in every-day life, as willing as they are to give the last full measure of devotion on the battlefield, then the ideals of service represented by that flag will be realized. (Applause.) That flag means patriotism in peace as well as in war.

Some eleven years ago there was held in one of our great cities a banquet attended by a number of prominent business men. After the repast was over the band played "America" and the audience stood and sang the familiar words. As the last strains of that song died away one of those present turned to his neighbor and with the tears of patriotism trickling down his cheek, said: "Oh, I wish I could die for my country." Just three weeks after that, that same man was humbly kneeling at the feet of justice confessing that he had bribed an entire municipal assembly to pass a franchise bill. He had patriotism on his lips; he had treason in his heart. That man was but a type. Many men would be willing if need be to give up their lives on fields of battle for their country, and patriotism of that kind cannot be too highly commended, but the man who will live for his country and his fellow men every day is the man the republic needs most just now. (Applause.)

The flag means there may be as much patriotism in living for the republic as in dying for the republic. Patriotism represented by that flag does not abide alone amid the roar of cannon and din and clash of arms, but in the every-day duties of civic life as well. The man who gives his time to the betterment of civic conditions, the man who gives his time fighting public wrongs, may be just

as much a patriot as he who bares his breast to the bullets of a public enemy in times of war.

The service represented by the flag may be given on the battle-field but it may also be given in other ways as well. It is not necessary to stand at the cannon's mouth in order to serve, neither is it necessary to hold public office in order to serve one's country and one's fellow men. Sam Jones, the great evangelist, used to tell a somewhat exaggerated story of an old fellow supposed to live in the Ozark Mountains of Missouri, and this old man, he was not so old then, conceived the idea years ago that his state needed him in the legislature. So he ran for the legislature without success. He ran again and he failed. He continued to run for the legislature, and each election he secured fewer and fewer votes. Finally, after he had been running for the legislature for thirty years he only got two votes, his own and that of his colored

hired man. So he became very despondent and decided to leave this ungrateful world. He bought him some rope; he secured a gallon of coal oil; he purchased a pistol. He obtained some matches. Then he went to a stream near the town and got into a little boat and rowed out into the middle of the stream that had overhanging branches. He tied one end of the rope around his neck, the other around a branch. Then he poured the coal oil all over himself, lighted a match, set fire to the coal oil, placed the pistol to his head, pulled the trigger and kicked the boat from under him. But his hand was shaky. The bullet went wild. It cut the rope and he fell into the water. The water put out the fire, and he stood up, took the rope from around his neck, walked out on the bank of the stream and announced himself a candidate for the legislature. (Laughter.)

Now, that was misdirected patriotism. If a man can serve in public office, well and good, but it should not be forgotten that it is just as essential for private citizens to discharge the responsibilities resting upon them as it is for the faithful carrying out of official obligations in the public service. Go wherever one will, whether it be to the largest city in all the land, or to the smallest hamlet, and one will find that the patriotic people, the honest people, if you please, are in a majority everywhere. In fact, I believe (this may sound strange to credit men) that ninety-nine men out of a hundred are honest. (Applause.) I mean when they have no selfish reason to be otherwise. (Laughter.) It is selfishness that makes men and women dislonest. We need more men and women as soldiers of peace to stand in the front ranks of truth and unselfishly repel the

assaults of error.

Even if war should come, few, at most, would be called upon to fight on fields of battle. But there is a place where duty calls all in the army of peace. We need more men and women as soldiers of peace who are not afraid to show their colors and let the world

know where they stand.

Some seven or eight years ago, while I was governor of Missouri, I received a letter one day signed by a hundred citizens of a township in one of the counties of that state, claiming that the law was not being enforced in that township and asking me to direct the sheriff to enforce the law there. I wrote to the sheriff and told him of the petition and ordered him to enforce the law. He wrote back and said: "I wish you would send me that petition signed by a hundred citizens of this township who want the law enforced. I want them to help me enforce the law." Well, I sent him the petition. In about three days I received a letter from the man whose name appeared first on that petition. He said: "By what principle of ethics did you send the sheriff the list of names that we sent to you asking that the law be enforced? Now you have gotten all of us in trouble." (Laughter.) I wrote the man: "I sent the sheriff the list of names you sent me asking that the law be enforced because I believe that any man who is afraid to show his colors is of no benefit to good government." He wrote back in a few days: "I humbly beg your pardon. I had not thought of it in that light before. I have talked with others who signed that petition and we have concluded that from now on we are going

to be just as bold and just as aggressive as the other fellows are. We are going to be just as courageous in standing up for the right as they are in standing up for the wrong." And the result was

that there was no more trouble in that township.

What was done there can be done anywhere. If patriotic people could only be made as aggressive as the other kind are, then the millennium could soon be brought about on this earth. If good people could only be made as active as bad people, then the problem of good government could easily be solved everywhere. The greatest impediment to the progress of better things is the indifference, the inactivity of the average decent citizen. He is too apt to say: "Oh, what can I do? I am only one, and I can accomplish little or nothing at all." The man who dares to attack wrong, even though he be single-handed, has an influence that cannot be estimated. One may be a minority, but one with the right will usually constitute a majority in the end.

America's most famous woman poet wrote these lines:

"There are just two kinds of people on earth to-day, just two kinds of people, no more, I say,

"Not the good and the bad, for it is well understood that the

good are half bad and the bad are half good,

"Not the rich and the poor, for to count's a man's wealth you must first know the state of his conscience and health,

"Not the humble and the proud, for in life's little span, who puts on airs is not counted the man,

"Not the happy and the sad, for the swift flying years bring to

each man his tears,
"No, the two kinds of people on earth that I mean, are the
people who lift and the people who lean,

"Wherever you go you will find the world masses are always

divided in just these two classes;

"And you will find, too, I wean, there is only one lifter to twenty who lean.

"In which class are you? Are you easing the load of the over-

taxed lifters who toil down the road;

"Or, are you a leaner who lets others bear your portion of

burden, of worry and care?"

We have made progress in this country towards better things simply because the lifters, the soldiers of peace, have been more active during the last decade than before. Things are not tolerated to-day that a few years ago were submitted to in silence. Poets have sung of a golden age that lies buried somewhere 'way back in the history of the world, but I believe the golden age is before us, not behind us, and it will come when there is more of service and less of selfishness, when there is more of brotherhood and less of depravity and greed. Even now, wealth, irrespective of its source. is not looked on with the same awe as in days gone by, and gold. regardless of its origin is not regarded with the same reverence as of old. Fifteen years ago the man most looked up to in any community was usually the richest man in that community. To-day it depends on whether he gives service in exchange for the wealth. The more money a man may accumulate in doing service, the better. Henry Ford collected millions. No one envies him because of his millions, because he gave service in exchange. If a man can manufacture some article and earn and collect millions by the sale of that article, no one can object, for service is given in exchange for that wealth. It is when wealth is extracted from the public without giving service in exchange that we have a right to object, for wealth acquired without giving service is merely grafted from the body politic.

The ideal of the young man is becoming more and more "Get right and stay right," rather than to "Get rich and stay rich, right or wrong." A new standard is being erected, a standard new, yet old, represented by that flag, just plain, simple service—that's all.

The emancipation of woman is another illustration of progress. When I was at law school about twenty-five years ago in the law book that I studied, on contracts there was a chapter headed thus: "Contracts of Infants, Idiots, Lunatics, Married Women and Other Persons of Unsound Mind." (Laughter.) Married women have been gradually emancipated by the laws of the different states during the last twenty years, and in eleven of the states they actually have the right to vote. It is not my purpose to argue this question: I am simply referring to it as an illustration of advanced thinking. But after all, should not the right to vote be based on intelligence and not on sex? (Applause.) With that as the standard, the franchise would be transferred in many families I know of to the mother. (Laughter.)

If women are human, as they say they are, if women are people as they claim to be, and if we really believe in a government by the people, as we say we do, we cannot deny them the franchise if they want it. Why fear the influence of good women in public affairs when that influence has been so ennobling in every other relation of life? The tenderest love in time of need is a sister's affection; the strongest strand in the cable that binds a man to his God is a wife's devotion; the purest altar from which prayers ever ascended from earth to heaven is the mother's knee, and the mightiest force in all this world for better things is the influence of a good woman, and the more interest women take in public affairs in this country, the better I believe public affairs will be. (Applause.)

The broader religious view is another instance of progress. When I was quite a child down in western Tennessee, where I was born and reared-I came to Missouri afterwards-they used to have debates between the Methodists and the Baptists and these debates would last for seven or eight days without stopping except to eat and to sleep, and when they were over Methodists and Baptists would not speak to each other as they passed. all of that is changed. Churches still have their differences of creed but they do not emphasize those differences as they used to. They are joining hands more and more for the welfare of all. They are keeping step better and better to the music of a living religion and we are learning that after all religion consists in service of God and service of one's fellow men, and that this service must be rendered through the open life. The Bible closed, some one has said, is worth only a few cents as waste paper, but open it is more valuable than all the gold in all the world. Shakespeare closed is worthless, but opened the precious jewels it contains are more valuable than all the silver that has been brought into the sunlight since

the beginning of time.

So the life that is closed, the selfish life, is worthless, but opened. the life of service may spread its rays of truth and be a benediction to all. There is a constant conflict between the service represented by that flag and selfishness, between right and wrong, between the good and the bad; the right, the good, the true, the unselfish must always be fought for. The wrong, the bad, the false must be fought against. The farmer must sow his corn and his wheat. He must care for them and nurture them, while the briars and thistles sown by accident, cared for by chance, will flourish anywhere. You leave a thing alone and it will not become good but bad. You neglect your duties, you credit men, and you cannot expect everything to go on all right of its own accord. A field neglected will not grow in useful grain but in worthless weeds. A child neglected will not become educated and virtuous in itself, but will surely become ignorant and vicious. A government neglected will not become a government for the welfare of all, but will become a government for the greed of a few. The lesson that all nature teaches is, whatever is good, whatever is true, whatever is right, whatever is unselfish must be struggled for; while the bad, the selfish, the wicked, grows and thrives in itself.

The flag represents an ideal, ideas and ideals are the life of a free people. We are made and governed by the things that we cherish. Take away the ideals of service from the hearts of the American people and the strength of the nation would be gone. In other lands ruled by kings and emperors they express their national ideal by singing "God Save the King." We express our national ideal in the anthem, "America," sung to the same tune as "God Save the King," but the words are very different. Through "America" we sing to "Our Fathers' God, author of liberty, to Thee we sing. Long may our land be bright with freedom's holy light. Protect us by Thy might, Great God our King." (Applause.) No king, but God; no rulers, but right and justice. I am glad I live in a land that has a flag representing these ideals. I am glad I live in a land where there is not a man worthy of the name who would accept the title of "Lord" or "Duke" or "Prince" from any crowned head of the world. I am glad I live in a land where honest blood is royal blood and where manhood is the only patent of nobility. (Applause.)

Here between the two great oceans we have founded an empire such as no conqueror of old ever dreamed of, a republic that is the hope of the oppressed of every land. God's melting-pot, as it were, into which he is throwing all the races of the earth and by mixing and mingling them, evolving his superman of the future. But the greatness of a nation does not consist in mere acreage of territory nor even in the strength of battleships alone, but in the purity of its ideals and in the intensity of its devotion to those principles that make for right, that make for justice, that make for the service of mankind throughout the world. True to these principles, we shall be the most powerful among all of the nations of the earth, but forsaking them, the time will come when our proudest military engines will be as toys in our hands and our strongest

naval armaments will be impotent and useless. In vain will we build battleships, fortify our coasts and man our guns, if there is not brought to the men behind the guns the ideas and ideals represented by that flag. Let us preserve these ideals; let us unite in enforcing the laws in counteracting any attempts to defy them. Let us join a sincere devotion to religious faith, with the broadest religious toleration. Let us not array class against class, but preserve the rights of all by causing each to respect the rights of others. Let us attack, not wealth in itself, but the conditions that create poverty. Let us assail, not men, but evil that men do. Let us seek as a remedy for existing wrongs, not less government by the people, but more government by the people; not more money, but more manhood; not more cunning, but more conscience; more of service and less of selfishness.

In the opera, Siegfried is represented as seated at the mouth of a cavern. Birds are singing, leaves are rustling, the lights are shimmering about him. The glory of youth is on him and the beauty of the world around him, and yet he cannot understand what the sounds mean. At length comes the relation of song and of light, and the hero passes swiftly up the heights, where, encircled in flame, sleeps the soul of his strength. So in some other day when we have struck to the heart that selfishness which is the real foe of our progress, the heights of achievement will be climbed and we shall stand out on the summit where there shall shine unobstructed the light of the fatherhood of God and the brotherhood of man. Then the ideals of the flag will come true. I thank you. (Pro-

longed applause.)
PRESIDENT MOORE.—Next is the report of the Committee on

Foreign Credits by A. H. Boette, St. Louis, Chairman.

REPORT OF COMMITTEE ON FOREIGN CREDITS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Committee on Foreign Credits is pleased to report upon the results of a year of study and research. Our task has been that of a pioneer, of a pathfinding nature, as we are on virgin soil, with little of precedence or experience to guide us.

In this work we were greatly assisted by the splendid cooperation of our secretary, J. H. Tregoe, who devoted many of his busy hours in aiding to solve the many puzzling problems confronting us.

It is gratifying that, thanks to the articles on foreign trade constantly appearing in the press, the business men of the country have at last been thoroughly awakened to the importance of the subject of our foreign trade, which will this year amount to the tremendous sum of over \$6,000,000,000.

The National Foreign Trade Convention, where the chairman of this committee had the honor of representing our Association, has done much to enlighten the American exporter on the intricacies of international buying and selling. With the help of the hundred local committees on foreign credit which we are now

organizing all over the United States, the next year should bring

still more light upon the subject.

The units of the committee of the National Association held conferences in New York and St. Louis, and after the New Orleans trade convention it was unanimously decided to establish in our National office a department for the interchange of foreign reports. Quite an ambitious program has been mapped out for several



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Chairman Foreign Credits Committee

years' work, and besides the establishment of a department on foreign credits in our National office, the following form of inquiry blank has been suggested for adoption by the National Association:

I.	How	long sold	12				 	 	 	 		
	Ever	declined?	If	50,	when	?	 	 	 	 		

2.	Terms of sale
	Open account
	Draft
	C. O. D
	Voluntary remittance with order
	Sell for cash only
	Is account guaranteed in any manner
-	
3.	Highest credit and latest dealings
4.	Amount owing?
5.	Credit limit, if any?
6.	Manner of payment
	Discounts
	Prompt and satisfactory
	Slow, but considered good
	Account closed for cause
	Collected by attorney
_	
7.	Inclined to be technical or make unjustified claims

8.	Names of others who have inquired recently

Q.	Remarks:
	Would be glad to give you our experience, if you
	desire, upon receipt of this sheet, or reciprocate in any
	way within our power.
	The state of the s

This blank is awaiting the approval of all of the locals. From our program I shall mention only two or three of our most important projects, as follows:

Secretary of Commerce Redfield, Dr. E. E. Pratt, chief of the Bureau of Foreign and Domestic Commerce—in fact, the entire Department of Commerce has assisted your committee in every possible way, for they are as anxious as we to educate the American exporter. Dr. Pratt's department issues many helpful bulletins and pamphlets pertaining to all phases of foreign credits, which members should take pains to make use of.

The attention being given the whole subject of foreign trade by our colleges and universities is also a hopeful sign. Broad and thoroughgoing courses have been arranged, and foreign credit conditions never fail to be prominently featured. Through these courses, we are to have in a few years a considerable number of young men who will have a bent for foreign trade development.

Some few credit men have asked:—Why establish this foreign credit bureau when we already have at hand the magnificent service of the agencies, certain of our largest banks and some notable association sources of foreign information? The answer to this question is, that in shipping a new customer in our own country a small bill, the credit man belonging to our Association naturally looks to the experiences of fellow members, besides securing the report from agencies. For this same reason, when requested to ship thousands of dollars worth of goods to a new customer thousands of miles away, he will naturally welcome the benefit of

the experience of all of his fellow members in different parts of the country.

With this brief report your committee begs to tender the

following resolutions:

I

"Resolved, That the National Association of Credit Men approves of and endorses the plan for the continuance of the department of international interchange established in the National office, and authorizes the expenditure of any reasonable sum for the maintenance of same.

TI

"Resolved, That the form of inquiry blank suggested by the committee is herewith recognized as the standard form of the National Association of Credit Men for foreign credit reports, and members are urged to encourage its use in their credit departments.

III

"Resolved, That the National Association of Credit Men expresses its appreciation of the great expenditure of money of agencies, leading banks with foreign connections, and certain voluntary associations national in scope, in securing foreign trade reports which, together with the interchange of our national membership, should make it as safe and as convenient to grant credits to merchants in South America, Asia and Africa, as to the little general store in this country.

IV

"Resolved, That the suggestion for the further improvement of foreign credit reports and the program outlined be carefully analyzed and studied by the incoming committee, so that we may be fully equipped to cope with the problems that the close of the war may reveal to the American exporter.

V

"Resolved, That the Association should constantly urge upon its members the advantage of making the fullest possible use of the facilities of the Department of Foreign and Domestic Commerce at Washington, which, under the able direction of its chief, Dr. E. E. Pratt, has become a vast source of accurate information upon foreign trade conditions which the department is keenly desirous of putting at the service of American business men.

VI

"Resolved, That the National Association of Credit Men views with much satisfaction the development of courses of training in our colleges and universities in the subject of foreign trade, and pledges itself to do all in its power to foster this development and assist as it is privileged in giving the subject of foreign credits a very practical aspect."

Respectfully submitted,

A. H. BOETTE, St. Louis, Chairman.

Report read by Mr. Boette and its adoption moved. (Applause.)
PRESIDENT MOORE.—You have heard the report of the committee with the resolutions. Is there any discussion? Will we adopt it as a whole?

Report as a whole, with resolutions, adopted.

PRESIDENT MOORE.—We shall now have just a word from Mr. Sallee, of the Pittsburgh association, in the way of an announcement, after which I will ask Charles E. Meek, one of our past presidents and our former secretary, to escort to this platform Mr. Prendergast, our next speaker.

Mr. Porter, Pittsburgh.—I saw Mr. Sallee a minute ago and he said he had sent a notice containing all he wanted to announce

to Mr. Tregoe.

PRESIDENT MOORE.—Thank you, sir. Mr. Meek, will you kindly

escort Mr. Prendergast to the platform? (Applause.)

The National Association of Credit Men has studiously avoided national politics, but I wonder if you noticed, as I did, this morning a future presidential campaign launched right here in our convention? His name was first mentioned this morning by the man who I understand is to become the Secretary of the Treasury. But at this time we shall hear from that former servant, the man to whom there shall come no opportunity of service, no position within the gift of man that will draw him away from our Association, for with it all if you should dissect that great heart of his you would find the warmest spot, I am sure, still dedicated to his first love, the National Association of Prendergast. (Laughter.) I expect to be made Postmaster-General. (Laughter.)

And this morning, at the conclusion of this, to me, most enjoyable session in our greatest convention, it seems to me that following the addresses we have had this morning nothing could be more befitting to the occasion than that we should hear from William A. Prendergast, the Comptroller of the City of New York, upon the subject of "Patriotism in Business." Fellow members, I take great pleasure in introducing our former secretary. (Great

applause.)

"PATRIOTISM IN BUSINESS," ADDRESS BY WILLIAM A. PRENDERGAST, NEW YORK, N. Y.

Mr. President, Ladies and Gentlemen:

The words of your president have recalled to my mind a little incident that happened some years ago when I had the honor of serving you as secretary. On the occasion referred to I was so unfortunate as to have a dispute with one of our members. He wrote a letter to me in which he asked if I thought I was the whole association. (Laughter.) Now, it probably was from that germ that your president conceived the idea that this Association has a name other than that which it bears. (Laughter.) But, you see, easy bosses come and they go, and my reign disappeared a long time ago.

I am very glad to be here, grateful indeed from my heart for your cordial welcome, and gratified beyond measure that after a very long business session you should remain in such large numbers to do me the honor of listening to what I may have to say upon

the subject of "Patriotism in Business."

Two weeks ago I was discussing with a prominent New York woman the question of national preparedness; incidentally, I told her of my engagement to speak at this convention. She asked me what I intended to talk about, and when I told her that your officers had requested me to speak upon "Patriotism in Business,"

she promptly responded, "Is there any?"

If the attitude of mind displayed by this question were observed only occasionally, we could attribute it to individual cases of pessimism, but when, as we know, the quality and extent of our patriotism for some years past has been the subject of great discussion, with much doubt expressed regarding the intensity of our national pride and devotion, it seems timely to make an appraisal of what the business man really typifies as a lover of his country and an

exponent of its ideals.

It is fortunate that we should have this opportunity, when all classes of business are represented in a gathering such as this, to examine our consciences and determine to what extent we fall short of, or have been able to meet the requirements of national duty. The entire land is represented in this convention. Here are mustered the sons of every state and territory. Here are bivouacked in friendly communion the descendants of the pathfinders of progress who made national unity and greatness a possibility. Here let us invoke the spirit of true patriotism, and in our visions, seeing only the genius of America, dedicate ourselves at its consecrated altar!

When we consider the extent of our business activities and the tremendous property holdings of the American people, it is easy to understand why solicitude should be expressed regarding the absence of patriotic feelings among those who are engaged in business callings. It is obvious that unless those who contribute to and control the vast operations of American business are inspired by love of country and a willingness to make all the necessary sacrifices to insure the safety and honor of the country, the patriotic vitality of the nation is endangered. Small or inconsequential elements of the people may hold contrary views, but the danger from those views is inconsiderable, because of the relative unimportance of those holding them. But when you reflect that we are essentially a business people and that the influence of business ramifies everywhere, we can then appreciate how dependent we are on "patriotism in business."

Why should there be any doubt about the patriotism of business men? Possibly it is due to the fact that the older and wealthier communities have as a rule opposed the newer and more progressive tendencies in political life. Possibly it is because from immemorial time business men have been the last to give their consent to the making of war. On the other hand, the history of the greatest civil war that was ever fought is rich in evidences of devotion and sacrifice on the part of business men on both sides in the desire to defend the views they believed to be right. The subscription to the popular loan at the declaration of the war with Spain indicated clearly that the people, especially those who were financially able,

were anxious to support the government in its undertakings. Has

there been any change since then?

Some think, yes. There are reasons assigned for this change. We will examine the principal ones advanced, as it is not necessary to consider all. A great change has come over the American people since the Spanish war. First, they were so easily victorious in that contest that many have conceived the idea that we are invincible; second, too many are affected by the argument that our isolation as a great power renders us less susceptible to controversy and successful attack; third, we have enjoyed during a good deal of this period material prosperity of unparalleled proportions; and fourth, there is no doubt that this prosperity has brought with it a more intensified desire for gain of a material kind, which could not fail to undermine the more rugged characteristics of the people. A physically strong, rugged people is ready for sacrifices; a people schooled in the easier living that comes with wealth and prosperity does not respond so readily to the harder duties of life. McKinley, in an address delivered before the Ohio Society of New York in 1899, said, "Nations do not grow in greatness, nor is the cause of liberty and law advanced by the doing of easy things."

Some may regard what I have said as an indictment, but none will dissent from the truth of the reasons advanced. The fact is that this state of affairs developed and took hold of us unconsciously. Many would not have believed that it existed. It required the great war in Europe to arouse us to a realization of our own condition. When this condition was made clear, and the necessity for great national expenditure was apparent, the condition was denied and the expenditure was opposed. It has taken nearly two years of argument to stir the American people to an understanding of what is genuine national preparedness. This is what has inspired doubt in the patriotism of our people. This is why my fair questioner asked me if there was any "patriotism in business." However, the question of preparedness has been only the incident or occasion which has summoned the American people to this general discussion. There are reasons behind or underlying that question which furnish other light upon the broad subject we have before us. We are often told that this republic has outlived any other that has ever existed. Those which have passed away all bear the same epitaph: "A loss of ideals." If we have not lost our ideals, is it not possible that we may have temporarily abandoned them? We have to go back but a few years, I might say days, to find evidence of at least a surrender of some of the most important of our national precepts. The people of a republic should be as one. They should think in all matters of national concern as one. They should be ready in all matters of widespread national interest to act as one. Let us see if we have been doing so.

For many years certain sections and interests have opposed a protective tariff because they did not think it helped them, although oblivious to the aid it might be to millions of other

people.

When the question of national irrigation and reclamation was introduced, it met with great opposition on the ground that its benefits were sectional.

When help for rivers and harbors is considered, certain sections mass their votes in Congress and appropriate almost everything for themselves. New York, the most important port in the country from every point of view, has to depend upon beggarly allowances, and gets them only occasionally. The crossroads congressman delights in this method of hitting the money-power, and his exulting constituency applauds him.



A. H. DOBSON Charles Millar & Sons Co., Utica, N. Y. Director

Public buildings costing millions of dollars are allotted to different cities for the purpose of strengthening the hold of the sitting congressman upon his district, but with no regard as to whether the improvement could not be done without.

Useless navy yards and army posts are maintained year after year, because no administration thus far has had the courage to get rid of them, although at the same time Congress fails to appro-

priate sufficient funds for adequate coast defenses.

But you say these things are simply the results of any political system. I refuse to subscribe to the principle that a political system must necessarily be sectional, unjust or corrupt. However, it is not this strictly political side of the question which I ask you to consider. It is this: Can any people permit their affairs to be managed in this way, permit themselves to be influenced by such narrow considerations, permit themselves to act according to a sectional rather than a unifying spirit, and at the same time develop and maintain an unaffected ardor for those ideals that were established when the bravest and best gave to the republic the infinite offering

of patriotic sacrifice?

May I submit the premise that business is veritably dependent on patriotism? What doth it profit if great industrial and commercial interests are created, if the means are not employed simultaneously to protect them from outside aggression? I am not referring at this time to the competitions and rivalries of peace, but the assaults of those who would assail our national life if a selfish occasion should, in their judgment, warrant their attempting it. Nor am I now making a plea for what is commonly called military preparedness, although I strongly advocate it. But no character of material preparedness is commensurate unless there is accompanying it a spirit of patriotic willingness to give that moral sustenance to the nation's needs which is of a more ennobling and enduring nature than any material help. So business and patriotism should be interdependent.

So, in the same sense there can be no ideals without patriotism. If the latter is non-existant, the former disappear. The world is now witnessing the titanic struggle of all the ages. The men who are dying by the thousands almost every day are spurred on by patriotic zeal to preserve some cherished ideal—national integrity, the satisfaction of some bitter wrong or injustice in the past, the realization of territory wrested from them by oppressive conqueror, the preservation of a language, or the love of home—these are some of the ideals for which the contending nations are battling. But the ideals would have died long since if those men had not been sustained

through the years by the energizing fires of patriotism.

A patriotic nation never deserts its ideals nor shrinks from its responsibilities. Business men, through the very nature of their positions in the world, have an opportunity to exercise a commanding influence upon the popular mind. As in business, so in government, he who is upright and fearless will not be affrighted. The business interest that will not brook improper interference with its rights always makes the most progress. Competition will hesitate to attack it. If a government acts in a pusillanimous way, it is usually because its business men have assumed a weak attitude and have not encouraged the government to be bold and fearless. Business men forget that if a foreign government or its people come to look upon their government as inept or vaccillating, the time will come when that foreign people will also take the same view of the business men, and compete with them upon the basis that a stronger-minded people will always deal with those they regard as weaker than themselves, if not in national wealth at least in national spirit. The government should be the leader. It should by its own acts inspire patriotism in the people. If a government dallies, how can you expect the citizen to stand firmly for his rights? We are often told that a government represents nothing more than the collective judgment or conscience of its people, and that this is more true of democracies than it is of other forms of government. But in democracies it is also undeniable that the people look to their chosen men for guidance, inspiration and leadership. Nations can outlive defeats honorably sustained, they can suffer great losses without disgrace, but

they can never survive the stigma of national cowardice.

The business man has something more to do than to suffuse his own soul with the spirit of true patriotism. As I have already said, he is a leader by the very nature of his work. His influence is wide, and he can, if he will, transmit that influence to others for their lasting good. He has a great duty in another sense. In morals, as well as in law, he is to an extent responsible for those around him. There are many things he can do, but I will name only a few. He can take more than an ordinary interest in civic affairs. He must brush aside the old idea that it does not matter to him how the city and state and nation are governed, because what is done in all the different branches of governmental work is essential to him. At heart he believes the right thing should be done. That it is very often not done in government is largely his fault. Impelled by patriotic motives, he could insist on the recognition of patriotic methods by lawmakers. When those who are employed by him see him do this, they are influenced likewise, and in the sphere of their own influence they can accomplish much good in government

When an employe sees his principal always avoiding jury duty, it is not apt to promote in the mind of the employe the greatest respect for the majesty of the law. In fact, he forms a very poor opinion of the law and what it stands for, and there is nothing more destructive to the ideal of democratic government than disrespect

for the law.

The business man should also be willing to show by specific acts that he is disposed to sacrifice something for his country's good. One reason the national guard has not been larger and of more potential dependability in times of danger is that business men have been unwilling to give their employes the time required to belong to the guard. While this is not true of all business men or concerns, it is true of a great many, and I speak from personal knowledge. The pretense that an efficient soldier can be turned out from the raw material of the farm, factory or counting house within a month or two was thoroughly exploded in all our wars. The national guard furnishes a means whereby men may be given some of the rudimentary knowledge and training necessary to active service, but only a partial means. Even this partial means is withheld from thousands of our young men, because of the attitude of the employers. This is neither good business nor patriotism.

It is claimed that there are about one million commercial travelers in the different trades. Many of these men never have an opportunity to vote. They cannot accommodate their business engagements to being at their homes on election day. This is a large number of men to disfranchise. The most regrettable fact is that

they are a very active-minded, intelligent class of people—just the type who ought to be taking part in our elections. In some states provision has been made for them, but not in all. The commercial travelers for many years have sought the right to vote and their own organizations have urged the question very strongly, but it is a problem to be settled. Is it not one of the civic problems of the business men of the country? If you deprive a man of the opportunity to vote, and in my belief the same thing applies to a woman, you are driving him out of the realm of public action, because the ballot is the only agency through which he can make his opinions felt. You also destroy in his mind the incentive to patriotic interest and endeavor, and this is extremely harmful in a civic sense.

I have already said that business men should be willing to make sacrifices in order to promote the general good. These sacrifices, of course, include the element of material support for those governmental necessities and enterprises which will be of help in upbuilding the national defense. It is too often the practice to deprecate public expenditures on the ground of the additional burden that will be imposed through taxation; we forget that where public expenditures are entirely justified, the taxation becomes a matter of national duty, and the contribution which each one makes is his or her

offering to the common good.

Let us see what our interests really are and then decide whether they are not worth the price we are asked to pay in order adequately to defend them. The total wealth of the United States of America was estimated in 1912 to be \$187,739,071,090. This was divided into:

Real property and improvements	\$110,676,300,000
Railroads and railroad equipment	16,271,900,000
Gold and silver coin and bullion	2,617,000,000
Furniture, carriages and kindred property	8,463,200,000
Agricultural products unconsumed	
Livestock, farm implements and machinery	
Clothing and personal adornments	
Public utilities	8,289,900,000
Manufacturing machinery and tools	6,091,500,000
Manufactured products unconsumed	14,293,900,000
Miscellaneous	

In the decade from 1890 to 1900 the wealth of the United States increased \$23,000,000,000. In the twelve years from 1900 to 1912, the wealth of the United States increased \$99,000,000,000. In 1912 we represented a per capita wealth of \$1,965. This is the national possession. Is it worth protecting in an adequate way? And is the price we are asked to pay too much? According to statistics that are public property, an expenditure of \$500,000,000 for the army and navy is less than 46 per cent. of the income of our life insurance companies in 1913; less than 84 per cent. of the income of our fire, marine and casualty companies in 1913; less than 20 per cent. of the fire loss in the United States from 1904 to 1913. The question has been asked, "Is it wise for the people of the United States to avoid insuring their peace and prosperity at a cost of less than 5 per cent. of the annual increase of our wealth from 1904

to 1913; 5 per cent. of the wealth produced on our farms in 1914; less than 2 7/10 per cent. of our bank deposits in 1914, and less than 27/100 of 1 per cent. of our national wealth in 1912?" Is it possible that the answer to this query should be anything but a wonderful affirmative response proving that there is "patriotism in business?"

What is the meaning of patriotism to us? Have we a collective meaning or has each one his own interpretation? Does it mean one thing in one section of the country and something else in another? We have been told that the people of the Middle West take very little interest in the question of preparedness on the theory that if a war did come, it is the East that would suffer, and no foreign army, if successful, would ever want to go as far as their section. This must be a slander upon these people, because no Americans worthy of the name could take so basely cynical a view of the interests of any of their fellow citizens. You cannot harm one section of the country without bringing hardship in some form to all other sections. Our interests are national, not sectional. We are one nation, not a confederation of localities. As we have one constitution and one flag, so we have one common interest, one common national task, and one common destiny.

How inspired we are as we listen to the strains of the national anthem! How thrilled our souls when we hear a great assemblage proclaim their love for this land, theirs either by birth or adoption! But let there be a real searching of hearts.

Let us determine what this love actually is. Does it mean that we are ready to make any sacrifice which national duty demands of us? Does it mean that we are ready to forfeit pleasures, position, wealth, all, for the honor of the nation? If not, then all our words are mere lip tribute. If not, then we have failed to understand what the word service denotes. On the other hand, if we do, then is it our right to claim that we have imbibed deeply of the pure waters of patriotism. Then it is our privilege to maintain that we have dedicated ourselves to the service of the Republic! Then, we know that it is not as those who should wait without, but as those who have a prerogative to enter the temple of liberty, that we come to tender our offering of service, of loyalty and devotion to the nation. Then we know that it is, with truth on our lips, with genuine affection in our hearts, with courage unfaltering to support every step, we have a right to herald to the world—"AMERICA, WE LOVE THEE!" (Great Applause.) Adjourned.

Third Day, Thursday, June 15, 1916

MORNING SESSION

The morning session of the third day of the convention was called to order at 9.30 by Vice-President Charles D. Joyce, as acting chairman.

CHAIRMAN JOYCE.—We operate this morning without a gavel. The president sleeps with the gavel, and as he is still asleep we hesitate to wake him. First, our convention will be led in prayer

by the Reverend Doctor A. H. Silver, of Wheeling, W. Va.

(Invocation by Dr. Silver.)

Chairman Joyce.—Our first order of business this morning is hearing the report of one of our most important committees. In selecting a chairman for this committee, your officers searched long and diligently and finally located a man in that great city of the Northwest, Minneapolis, where they do things. That this man has done things his report clearly explains. It has also come to me this morning that since closing his work in securing members for the National Association of Credit Men, he has taken up actively the work of securing for Minneapolis a new Y. M. C. A. building, and within a period of eight days he has been instrumental in raising the sum of one hundred and fifty thousand dollars. (Applause.)

I take great pleasure in introducing to this convention F. B. Atwood, of Minneapolis, chairman of the Membership Committee.

(Applause.)

MR. ATWOOD.—Your reception is very warm, indeed, and I thank you. This has been a great year for membership. Telegrams telling of lately added members have kept the wires to the New York office hot during the last three or four months, and it has been impossible for us to get the figures together and print a report and have it correct when it would come off the press, because of the tremendous impetus that has been given to the membership

work this year.

We have been striving for a long time to reach the twenty thousand mark in membership—total membership—but we have passed that mark now. I think I can remember that as long ago as when William Jennings Bryan first began to run for president we were striving for this twenty thousand membership, but we have gone over that point now and have something like twenty-one thousand members and are still going, with good prospects that the twenty-five thousand mark will be reached at a very early date. I believe that if this convention week could have been put off for a few days longer we might have been able to report the reaching of that point at this time.

Mr. Atwood read printed report, and moved its adoption. The

report is as follows:

REPORT OF MEMBERSHIP COMMITTEE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Committee on Membership promptly after its organization adopted a plan, novel in many of its features, to obtain a

reasonable increase in membership for the year.

The country was divided into six districts, among which were divided the local associations of credit men. Each district was put under the direct care and attention of a unit of the Membership Committee of the National Association. The plan worked out most advantageously and helped greatly in sustaining interest through

the year. The districts were designated as follows: Louisville, St.

Louis, Worcester, Seattle, Peoria, Minneapolis.

Special mention is deserved by the vice-chairmen of the committee for the great interest they took and the efforts they made for a substantial response from the associations embraced within their several districts. The vice-chairmen were Peyton B. Bethel, of Louisville; William H. Preston, of Seattle; William S. Perry,



F. B. ATWOOD Forman, Ford & Co., Minneapolis, Minn. Chairman Membership Committee

of Peoria; Howard A. Gerrard, of Worcester; W. J. Burton, of St. Louis.

Recognition must be made of the Louisville division and the efforts that were so earnestly put forth by this unit under the direction of Mr. Bethel, to the end that each association in the division reach the membership mark fixed by the committee. It appears that a larger number of associations comprised within this division reached the mark fixed for them than in the other divisions, yet precedence of one vice-chairman over another should not be

given, as there was a very generous response from all to the communications and suggestions of the committee's chairman.

After dividing the local associations between the six divisions, and largely, of course, as a matter of conjecture without knowing intimately the local conditions and possibilities in each instance, your committee fixed a membership goal for each association, naturally fixing the goals at a maximum, and in this respect the committee exceeded, in many instances, the mark suggested for each of the

local associations by Secretary Tregoe.

At the annual meeting of the officers and directors of the National Association in Kansas City, it was thought that a net increase of 5 per cent. for the year would be reasonable, but the committee held consistently to the belief that a 10 per cent. net increase should be attained. In the final result it would appear that this expectation was pitched too high, and the committee had not perceived certain difficulties related to present economic conditions, and failed to realize that the field of prospects was reduced by the substantial growth of the Association annually. Though regretting its inability to report a fulfillment of its highest hopes and expectations, yet altogether the year's net increase may be most favorably regarded and as indicative of our continued hold upon the confidence of the commercial public.

Each month there was prepared, under direction of the chairman, a tabulation of the membership in such form as to show what progress each of the associations was making. This tabulation aroused interest and a competitive spirit, and its continuation during the coming year should seriously be considered by the new committee. There is submitted herewith a record of the membership by associations and individual members of the National Association.

The net increase for the year is 1,489.

A study of this report shows several very interesting and encouraging features. The year's net increase resulted not so largely from the addition of new members as from a decrease of resignations. The importance of holding members ranks just as high in the estimation of your committee as the obtaining of new members, and it would seem from this showing that the local efforts were as substantially rewarded by a very large decrease in resignations, when compared proportionately to those of former years. Nothing should be more directly and sincerely encouraged than just this feature by future committees and kept consistently before local associations as a desirable object.

Another encouraging feature is that quite 98 per cent. of the new members obtained were strictly commercial credit grantors. While no common standard obtains with the local associations, yet at previous conventions the desire has been expressed frequently and keenly that only commercial credit grantors be invited to join the Association. It is pleasing indeed to your committee that, while no rule obtained, local committees have had apparently this idea

in mind.

The year was not distinctive for the formation of new local organizations. There was organized through the efforts and with the assistance of our field representative, B. C. McQuesten, an association at Fond du Lac, Wis., and there were received upon direct

application associations at Billings, Mont., and Austin, Texas. The local associations now number 114. It is but natural to expect that in such a wide circle there should be some weak spots. None have been discontinued during the year, but conditions in several are precarious and must be taken cognizance of by the board at the proper time.

It is a deserved courtesy that the associations reaching the goal fixed for them by the committee should have special mention. Therefore, with great pleasure, your committee names the following:

Bluefield-Graham
Charleston
Indianapolis
Clarksburg
Dallas
Dayton
Oklahoma City
Wichita
Roanoke
Washington
Chicago
Toledo
Lincoln
Whenting
Memphis
St. Louis
Providence
Springfield, Mass.
Los Angeles
Peoria
Green Bay
Milwaukee

Saginaw-Bay City

It is proper to call attention to the especially commendable efforts of the Cincinnati association to build up its membership and reach the goal set by your Membership Committee. Right at the outset the officers and local membership committee were confronted, however, with the necessity of removing a great amount of deadwood from the membership records, with the result that with the opening of the fall work the local membership committee found an association with a membership far smaller than the record as of June 1st, 1915, from which point it was necessary to compute the record for the new year. That the Cincinnati association was able not only to wipe out this discouraging deficit which faced it on undertaking the new year's work, but to show a substantial increase in membership as against June 1, 1915, is very much to its credit.

But few of the associations show a decreased membership, and it is but just to say that with rare exceptions earnest responses were made by local committees and officials to the appeals of your committee. The fact that the goal was not reached was due, in many instances, not to a lack of energy but to unfavorable conditions and lack of material upon which to work.

The directors of the National Association gave your committee excellent assistance and the National office communicated frequently

with local officials upon the subject of membership.

The Minneapolis association presented a membership trophy to be awarded that association which would show during the year the best membership results. A special committee, with C. E. Shives, of Cleveland, as chairman, was entrusted with the responsibility of framing rules for awarding the trophy and deciding which of the associations upon the record of the year had been the winner. Difficulties were found by the committee in framing a definite set of rules for the awarding of the trophy, and it was decided that a

better plan would be for the committee to consider all of the associations that had reached the goal and select from among them that one which presented the very best results, not in a proportionate

increase alone, but in meeting all local conditions.

While speaking of honorable mention, your committee desires to say that it was delighted with what occurred in West Virginia. That state has never been strong in membership, though offering strength in other departments. During the year a strong interest was noticeable, and in the final report two of its associations—Huntington and Charleston—showed a wonderful increase in membership, and its other associations, at Clarksburg, Parkersburg and Wheeling, reached their goals.

Your committee desires to speak of the splendid work done in the field by B. C. McQuesten, who has endeavored not only to increase the individual membership, but has spent considerable time with local associations, aiding them in constructive work and in getting them over rough spots. This is a character of service the importance of which will grow yearly and should receive every encouragement from the National office and the board of directors.

R. B. Heacock and T. B. Howard resigned from the field service of the National Association during the year, and Justin Henderson was secured for the work. Though the individual membership column shows a loss as compared with that of one year ago, this is accounted for in part by the new associations organized and absorbing individual members, and the fact that a great many individual members transferred their memberships to local associations. It would appear desirable from many viewpoints that the individual members, whenever the opportunity offers conveniently, transfer their membership to local associations, for thereby they may enjoy privileges which cannot be enjoyed as individual members of the National Association.

Your committee has nothing of a definite nature to suggest for the work of its successor, but there must be expected of the Membership Committee in future years a great degree of earnestness and intelligence for the keeping of the membership intact and the adding each year of a reasonable increase. As the largest commercial unit of the nation, and with an autonomy of independent local action, the structure must be carefully watched. Its foundations must be defended against disintegration, and care must be exercised in the quality of membership and the methods used in

obtaining desirable memberships.

In concluding this report your committee wishes to register its appreciation to the many units of the Association to whom it is indebted for cooperation, and it places before the convention this summary of its activities and conclusions in the belief that a strong interest prevails for this important department of the National work, and that the responsibilities of the department will never be depreciated.

The following resolutions are offered by your committee:

I

"Resolved, By the National Association of Credit Men in convention assembled, that its gratification be expressed that such a

large proportion of the year's membership increase is of commercial credit grantors.

"Resolved, That thanks be and are herewith tendered the Minneapolis Association of Credit Men for its generous gift of a membership trophy to be awarded that association making the best membership increase during the year consistent with conditions surrounding its efforts.

"Resolved, That with a view to avoiding differences and embarrassments in soliciting new members there should be uniformity of method, and to this end the officers and directors of the National Association of Credit Men in annual meeting should prepare and recommend to the local associations a standard which, in their opinion, will meet this requirement.

"Resolved, That the secretary of the National Association and its field representatives give all the assistance within their powers to local associations of credit men in obtaining new members, and that systematic plans be arranged in the National office so that the entire field of membership activities may be comprehended, and specialized assistance given to the associations in need of constructive work and new associations organized where they would appear desirable and the field promising.

"Resolved, That the incoming Membership Committee be requested to adopt a plan following closely that of the year just closed to arouse through "Bulletin" and other publicity a spirit of friendly membership competition among local associations.

Respectfully submitted,

F. B. Atwood, Chairman, Minneapolis, Minn.

J. W. Sprague, Minneapolis, Minn.

OSCAR L. SCHUTZ, Minneapolis, Minn.

PEYTON B. BETHEL, Vice-Chairman, Louisville, Ky.

Louis Grossman, Louisville, Ky. Percy H. Johnston, Louisville, Ky.

W. H. PRESTON, Vice-Chairman, Seattle, Wash.

GEO. S. RICE, Seattle, Wash. A. W. McCord, Seattle, Wash.

WILLIAM S. PARRY, Vice-Chairman, Peoria, Ill.

CHAS. H. SPECK, Peoria, Ill.

F. F. BLOSSOM, Peoria, Ill. W. J. BURTON, Vice-Chairman, St. Louis, Mo. G. H. RAUTENBERG, St. Louis, Mo.

C. W. Speirs, St. Louis, Mo.

Howard A. Garrard, Vice-Chairman, Worcester, Mass.

HENRY H. KNAPP, Worcester, Mass. MAURICE L. KATZ, Worcester, Mass.

	June 1, 1915.	Added.	Resigned.	une 1, 1916.
Albany, N. Y.	44	4	2	46
Atlanta, Ga	191	40	35	196
Augusta, Ga	40			40
Austin, Texas		24		24
Baltimore, Md	556	68	60	564
Billings, Mont.		18		18
Birmingham, Ala.	77	8	***	85
Bluefield-Graham, W. Va	19	13	1	31
Boise, Idaho	25	9	3	31
Boston, Mass	637	58	2	693
Bridgeport, Conn	48	6	9	45
Bristol, VaTenn.	50	1	3	48
Buffalo, N. Y.	424	46	69	401
Burlington, Vt	45	10	1	54
Butte, Mont.	33	9	4	38
Cedar Rapids, Iowa	41	15	9	47
Charleston, W. Va	57	181	1	237
Chattanooga, Tenn	85	21	12	94
Chicago, Ill.	1,219	285	101	1,403
Cincinnati, Ohio	372	95	62	405
Clarksburg, W. Va	46	17	1	62
Cleveland, Ohio	640	118	49	709
Columbia, S. C	27	• • •	• • •	27
Columbus, Ohio	173	29	20	182
Dallas, Texas	101	58	21	138
Davenport, Iowa	43	3	5	41
Dayton, Ohio	32	18	***	50
Decatur, Ill.	27	4	4	27
Denver, Colo.	146	12	13	145
Des Moines, Iowa	103	15	9	109
Detroit, Mich.	513	66	104	475
Duluth, Minn.	72	5	5	72
El Paso, Texas	46	***	***	46
Evansville, Ind.	69	8	. 2	75
Fargo, N. D.	41	4	1	44
Fond du Lac, Wis		36		36
Fort Smith, Ark.	17		2	15
Fort Worth, Texas	75	2	12	65
Grand Forks, N. D.	35	2	1	36
Grand Rapids, Mich		17	23	262
Green Bay, Wis		38	15	105
Greenville, S. C.		***	7	24
Hartford, Conn.		11	10	102
Houston, Texas		8		38
Huntington, W. Va		164	3	200
Indianapolis, Ind		81	9	212
Jacksonville, Fla		12	4	106
Johnson City, Tenn		• • •		18
Kansas City, Mo		66	75	416
Knoxville, Tenn.		3	13	78
Lehigh Valley Association		. 1	4	38
Lexington, Ky.		11	7	42
Lincoln, Neb.		14		70
Little Rock, Ark.		***	***	23
Los Angeles, Cal		106	3	444
Louisville, Ky.	156	67	15	208

The American A set to drawn	June 1, 1915.	Added.	Resigned.	une 1, 1916.
Lynchburg, Va	38	4	1	41
Memphis, Tenn	218	41	. 5	254
Milwaukee, Wis	379	110	28	461
Minneapolis, Minn	339	49	42	346
Montgomery, Ala	32	3	***	35
Nashville, Tenn	165	5	42	128
Newark, N. J.	334	30	37	327
New Castle, Pa	21	4	2	23
New Haven, Conn	93	13	8	98
New Orleans, La	315	56	32	339
New York, N. Y.	1,498	195	120	1,573
Norfolk, Va.	200	16	29	187
Northern Montana Association	18	2		20
Oklahoma City, Okla	53	36	- 4	85
Omaha, Neb	114	9	10 6	113 53
Oshkosh, Wis.	50 20			20
Parkersburg, W. Va.	30	17	10	37
Peoria, Ill.	52	37	7	82
Philadelphia, Pa.	867	87	64	890
Pittsburgh, Pa	931	45	168	808
Portland, Ore.	212	49	35	226
Providence, R. I	84	57	1	140
Pueblo, Colo	16		***	16
Ouincy, Ill.	46	6	7	45
Richmond, Va.	182	6	34	154
Roanoke, Va	34	13	7	40
Rochester, N. Y	282	27	24	285
Saginaw-Bay City, Mich	46	16		62
St. Joseph, Mo	94	14	. 14	94
St. Louis, Mo.	621	175	64	732
St. Paul, Minn.	307	38	24	321
Salt Lake City, Utah	121			121
San Antonio, Texas	52	***	• • •	52
San Diego, Cal.	20	15	3	32
San Francisco, Cal		21	32 7	237 51
Savannah, Ga		11 19	7	311
Selma, Ala.			1	20
Sioux City, Iowa.		38	17	88
Sioux Falls, S. D.		1		33
South Bend, Ind				27
Spokane, Wash				83
Springfield, Ill.	40			40
Springfield, Ill. Springfield, Mass.	43	15	. 2	56
Syracuse, N. Y.	77	15	7	85
Tacoma, Wash. Tampa, Fla.	82	24	17	89
Tampa, Fla.	. 33	***	• • • •	33
Toledo, Ohio		44	8	184 108
Utica, N. Y. Washington, D. C.	119	5 23	16	70
Waterloo, Iowa	. 51	20	-	25
Wheeling, W. Va.	. 82	18	***	100
Wichita, Kans.	92	31	7	116
Wilkes-Barre, Pa	. 34	9	2	41
Wilmington, N. C	. 34	***		34
Worcester, Mass.	. 70	14	3	81
Youngstown, Ohio	. 142	6	6	142
Individual	. 1,354	89	197	1,246
	19,284	3,468	1,972	20,780

Scale Showing the Growth of the Association

(Figures are given at the time of annual conventions.)



CHAIRMAN JOYCE.—You have before you the report of the Membership Committee, which is now open for discussion.

Mr. Beaston, Philadelphia.—I would like to say a word about the qualifications of the applicants for membership in this remarkable association. In Philadelphia, we had prepared a booklet containing the names of all firms in and around the town which we deemed worthy and which we felt we would be proud to have enrolled. We organized a number of teams with captains, and I am very proud to say that I was the anchor on the winning team. That is, I held them back.

We did what we could in the short time we had to work and we had many applications. I had five that I could not accept for several reasons, and I trust that all of us will endeavor to uphold that high standard that we have set in securing new memberships. I would like to impress it upon the incoming Committee on Membership that we strive for the very best and nothing but the best always. (Applause.)

MR. PARSONS, Salt Lake City.—While we must all concede that an increase in membership is very desirable, I heartily concur with the remarks of my friend from Philadelphia that we ought not to subject the quality of our membership to the attainment of mere numbers.

In our local association, we have not been able to increase the membership during the past year, but we had several resignations, and the final result was that we obtained sufficient new members to hold the number that we had at the beginning of the year. It is our claim that we have registered on our roll in Salt Lake City from ninety-five to ninety-seven per cent. of all the really eligible people, and it is quite a difficult problem under such circumstances to increase the membership. There are only one or two banks in the city that are holding back, and we have strong hopes that we

will eventually secure them.

I just wanted to ask a question. I wanted to know if this trophy that is to be assigned or given to the association which shows the best increase for the past year is to become the absolute possession of that association, or is a trophy that has to be won a certain number of times before it becomes the absolute property of the association which wins it. Usually, when we have such a trophy as this in our part of the country, it has to be fought for for a certain number of years before it becomes any one's absolute property, and I think it would be a good thing, if it is so designed by the committee, that this trophy still remain as an object to be striven for in the years to come.

Mr. Atwoop.—In the design of the trophy the back part was left plain, and an engraving may be placed thereon of the association winning it. It was thought that, having possessed the trophy for a year, the association would have secured enough glory and satisfaction and would be magnanimous enough and have the interest of the National Association enough at heart so that at the end of a year of possession it would again put the trophy up for competition and award.

MR. HALL, Dallas.—You will notice that Dallas was on the honor roll. I want to call attention to the fact that in a number of places and with a number of firms, the objects of the National Association of Credit Men are not understood. Frequently, while soliciting our prospects, we would approach a man for membership and he would say, "That is all right, but I subscribe to Bradstreet and I do not need anything else." (Laughter.) But we say, "My and I do not need anything else." dear sir, this is an association that stands for better business conditions. It is an association that stands for better law in the community. It is an association that stands for closer cooperation among creditors everywhere. It is an association that has affiliated with it twenty-one thousand members. My dear sir, we have a secretary in New York City that you can write to and get an answer in six days. That is the kind of men we have." We told a fellow that and he signed up his name and said, "Now, get out of my office. If you have got a secretary like that, I want to belong to your Association." We average about one signature in five minutes when we tell them what we are.

MR. McComas, Los Angeles.—This morning I want to make what might be called a substitute speech for my friend, Goldwater, who sits right by my side here. Goldwater is a very modest young man—that is, he is a little more modest than I am. He is the chairman of our membership committee and has succeeded in enrolling one-tenth of one per cent. of the entire population of Los Angeles in the membership of the Credit Men's Association. (Applause.)

MR. HOERR, Chicago.—I think it is perhaps due to the membership committee of the Chicago association that I tell you that of the entire increase of 1,489 made during the past year, Chicago furnished twelve per cent., or 184. This does not begin to tell you of the tremendous task that our membership committee had in Chicago. It met at luncheon every Friday noon at a downtown restaurant, when new prospects were brought there and the contest and the details and everything were gone over for the next week. We had three vice-chairmen in Chicago in different sections of the city. We had an eligible list which was gone over by a special paid solicitor and all the ineligibles were weeded out of that eligible list. We think that we have nearly everybody in Chicago that we want.

We secured our best results through urging the members of the Association by circular letters over and over again, bombarding the eligible, and in the final lap when it seemed that we could not get the fourteen hundred, a special letter was written by the president to each of the directors urging him to bring in two new members that last week. A number of us took machines and spent a half-day for three or four or five days in succession to reach that fourteen hundred. If there is a better membership anywhere in the National Association than Chicago has. I want to know where it is. Thank

you. (Applause.)

MR. BALDWIN, Atlanta.—I want to tell you of a little incident that occurred when I was soliciting membership, using arguments along the line that our friend from Dallas, mentioning particularly the laws we had helped to pass and their influence. I went to a firm to get a membership, and in talking to one of the partners, though both of them were present, I told of the value of the laws we had passed, and finally, to clinch the argument, I referred to the prosecuting fund we were raising. About this time the other partner, whom I was not acquainted with, walked off with a rather disgusted air. However, we got the membership and as we came out, I asked who the other party was. He said, "He is So-and-So, the son of the fellow you put in the penitentiary last year." We had convicted his father of fraudulent bankruptcy proceedings. (Applause.)

MR. ARCHER, Huntington.—I want to call attention to the fact that Huntington is also on the honor roll. During our campaign for membership, we recognized the fact that quality is fully as essential as quantity. That is true of the local association and is also true in a larger measure of the National Association. For the honor of my state of West Virginia, I want to call the attention of the Association to the fact that out of the entire increase of membership of this Association for the past year, West Virginia

furnished twenty-three per cent. (Applause.)

MR. Rom, Milwaukee.—As chairman of the Milwaukee membership committee, I early realized that we could not reach the mark set by the National Association unless we proceeded in a business-like manner. Accordingly, the first few months we spent in preparatory work. I compiled a list of prospects, being particularly careful to maintain a high membership qualification. The field was divided into equal districts and a captain appointed for each. These were then given a list of all the prospects in their districts.

In this way we succeeded not only in reaching, but in surpassing the mark set by the National Association. We added one hundred and fifteen new names to our membership roll last year. In concluding, I might add that a greater cooperation between local associations and the field workers of the National Association would benefit the organization as a whole. (Applause.)

CHAIRMAN JOYCE.—The time for discussion has now expired

and the convention will proceed.

Mr. Parsons, Salt Lake City.—I move you that in putting these resolutions to the vote, we single out Resolution No. 2 and that we pass it with acclamation.

SECRETARY TREGOE.—In deference to Mr. Parsons' request, may

we act on the resolutions separately?

The resolutions were read and adopted singly and then as a

whole on the motion of Mr. Parsons.

MR. PAINE, Memphis.—In view of the splendid record of this committee, I move you that we express our appreciation of their work by a rising vote of thanks.

The motion was seconded by many and carried.

Secretary Tregoe.—If you will permit me, we have present with us two or three of the vice-chairmen of the Membership Committee and I think that you might, if agreeable to the convention, call each one to the platform so that he may be recognized as contributing his share to the work of the year. The first is Peyton B. Bethel, of Louisville. Here he comes. He is rather slow except in membership. The next, William S. Parry, of Peoria. (Mr. Parry was not present.) The next is W. J. Burton, of St. Louis. (Comes to platform.)

Those deserving this distinction but not present are Howard A. Garrard, of Worcester, and the first president of that organization; Wm. H. Preston, of Seattle. They are absent, but I think we might give them a little indication of our appreciation by applauding.

though they are not here. (Applause.)

CHAIRMAN JOYCE.—Our next address is upon a subject which is of keen interest to every credit man in this country—"Commercial Mortality, Its Cause and Prevention." There is no one more competent to speak clearly and definitely and intelligently upon this subject than our national director, H. S. Gaunce, of Seattle, Washington. I take pleasure in presenting Mr. Gaunce. (Applause.)

"COMMERCIAL MORTALITY—ITS REASONS AND ITS PRE-VENTION," ADDRESS BY H. S. GAUNCE, SEATTLE, WASH.

There runs a parallel between human life and mortality and commercial life and mortality. Just as sanitary conditions induce human health, and medical science anticipates human death, so, properly applied, sanitary commercial laws and principles promote commercial health, and commercial science anticipates commercial death.

Last year in the United States there were twenty-two thousand business failures. The liabilities of those failing reached the enormous sum of \$302,000,000 with a loss to creditors of about \$225,-

000,000, much of which loss was preventable. These figures, incomprehensible as they are, do not by any means represent the economic losses to business and to the community that are the direct results of those causes responsible for the commercial death-rate.

That success or failure in business depends largely upon the individual is evidenced by the mortality records, which show that about eighty per cent. of the failures are attributed to the faults of those failing while about twenty per cent. are due to extraneous causes. The causes of failures attributable to those failing are assigned, in the order of their influence, as

First: Incompetence. Second: Lack of capital.

Third: Inexperience, extravagance, neglect, compe-

tition, unwise credits, etc.

Fourth: Dishonesty and fraud.

It will be noted that "Incompetency" heads the list as the most potent influence contributing to the commercial death-rate. It abounds in every quarter. It eats at the very heart of profits and results in general waste and loss. As an evidence of the inefficiency in business life, a recent report of the Federal Trade Commission presents these startling figures:

There are about 250,000 business corporations in the country, of which 100,000 have no net income whatever; 90,000 make less than \$5,000 per year, and only 60,000 make \$5,000 and over annually.

If we had the figures in this particular as regards individual

merchants and firms, no doubt they would be alarming.

Incompetence or general inefficiency, embraces many causes of failures. It includes lack of skill, inaptitude and unpreparedness

generally for business.

Lack of capital is given as an influential cause of failure, but in reality, this is lack of skill, the business not being kept in proper proportions to the capital. Unwise credits and speculation result from errors of judgment, and therefore may properly come under the head of incompetence.

Fraud and dishonesty in business still exert their forces on the

side of commercial waste.

By far the larger share of individuals or organizations that start in business fall by the wayside. The bad-debt waste of the United States is enormous. These factors, which are responsible for the commercial death-rate, needlessly raise the cost of doing business and result in decreased dividends and higher prices for the consumer.

The question that logically presents itself to us is: How can we most effectively apply those sanitary commercial principles that

promote commercial health and prevent commercial death?

This National Association of Credit Men, with its affiliated branches, is responsible for more reforms in business than any other trade organization in the country. It has put its force behind many laws, both state and national, which are affording protection to business men throughout the nation. With over twenty thousand members, its activities for the betterment of credit conditions have been many and varied to the benefit of commerce and industry.

Adjustment bureaus for the administration of estates of failing and insolvent debtors have been established by most of the local associations. These bureaus, under the direction and guidance of competent managers and committees of interested creditors, are doing an invaluable service to creditors and debtors by their expeditious, conservative and economical administration of estates.

Exchange bureaus for the dissemination of ledger information



H. S. GAUNCE

J. T. Hardeman Hat Company, Seattle, Wash.

Director

between jobbers, wholesalers and manufacturers are in operation in many of the local branches of the Association. The facilities they offer for promoting efficiency in credit granting—so helpful in determining the strength or weakness in the standing of customers—embodies the very essence of cooperation.

Some one has said that the badge of sanity is the ability to work together. A man was one time remonstrated with by the one to whom he had sold a horse, because he had not made known the

fact that the horse balked. His reply was that the man from whom he had bought the horse did not tell him, so he thought it was a secret. Honest and effective cooperation for better credits demands that favorable and unfavorable information respecting a seeker of credit be imparted upon request and not treated as a "secret."

These exchange bureaus are rich in possibilities for the prevention of waste and for the inducement of commercial health, and

deserve most generous support.

The field of investigation and prosecution has been entered and favorable results obtained. Fraudulent debtors have been punished—and statistics indicate a decrease in fraud and dishonesty.

Through the literature of the Association much advancement is being made in the education of wholesalers and retailers to better business methods. Cooperation for more effective work in credit granting, as led and developed by the National Association of Credit Men, has been a thing of steady growth and evolution. This working together in confidence and united strength for a common purpose has been the means of bringing about reforms in business, possible in no other way.

These activities, and others, are carried on for the sole purpose of promoting honesty and efficiency in business and preventing unnecessary commercial death. The worthiness of the purposes and ambitions of this Association, and the possibilities of its influence are so aptly set forth in this extract from the literature of the

National office:

"The prosperity of all men rests upon the stability of commerce, and commercial stability upon the soundness of credit. Hence, whatever conduces to the betterment of credit conditions, advantages not only those actively engaged in commerce, but all men everywhere whose lives are touched by it at any point."

Old commercial conditions are improving to the benefit of commercial life, but much yet remains to be done to cleanse the commercial hospitals whose wards are always full of the sick and wounded.

The fight for soundness of credit, commercial stability and prosperity will succeed only in proportion to the active individual assistance and support given by business men and grantors of credit. Loyalty to the Association and a strict adherence to its ideals and principles on the part of all members are necessary to win. This does not mean simply taking part in association meetings and expressing approval of association ideals in loud "Amens," but it means a persistent application upon the part of the individual in his everyday affairs, of those principles that make for business upbuilding.

The results of the operation of the national bankruptcy act, as regards dividends to creditors, are disappointing to many and much criticism of the law is heard. While no doubt improvements could be made to the law (which also might be said regarding many of our laws), the failure on the part of creditors to meet certain responsibilities which the law places upon them, is directly responsible

for many of the unsatisfactory results in its operation.

Upon close analysis, it will be seen that the operation of the bankruptcy law is placed very largely in the hands of creditors themselves, if they will but act. Indeed, the law gives creditors very wide powers for their control and management of estates in

bankruptcy.

Creditors are notoriously negligent in performing their duties under the law. Their indifference is causing bankruptcy to become merely an incident and reorganization a standard activity. If creditors will but avail themselves of the privileges afforded them for directing the operation of the bankruptcy law, the causes for dissatisfaction in its administration will be very materially reduced; applicants for bankruptcy will be fewer in number, and more health-

ful commercial conditions will prevail.

If the credit man is to elevate his own personal services above that of simply day labor, wherein only the immediate and temporary results of the day are considered, he must forever keep before him the great final purpose of his profession—the betterment of credit conditions and the upbuilding of business. Every act of his prompted only by the temptation of present profit, that retards progress toward the accomplishment of the ultimate object of his calling, is a stumbling block in his own path, a detriment to his firm and an injury to business and to the community. If he is to lend his influence toward policies of greater consequence than those of the moment, he will so act that he builds not only for to-day, but for to-morrow. Every credit man is exerting his influence for the establishment of right or wrong business policies.

The acceptance, by the credit grantor, of a composition offer without investigation, with the view of obtaining the favor of the debtor by immediate acceptance and with the hope of reward of future patronage after the debtor's reorganization, fosters con-

ditions unwholesome to commercial life.

The extension of credit to the fraudulent debtor promotes dis-

honesty, condones fraud and is a crime against business.

The granting of credit to those starting in commercial undertakings ill-prepared and unfit for business life, encourages incompetence and commercial death. Better far for the welfare of such

a recipient of credit that it should be withheld.

Why is it that these and other courses equally prejudicial to permanent business building are practiced? It is largely due to the overanxiety for business regardless of ultimate cost—the fear of competition—the desire of momentary profit as opposed to permanent gain—and the self-confident (though often unwarranted) belief of the credit grantor that he "can get in and get out" before the crash. These policies provide patients for the already overcrowded commercial hospitals and raise their mortality.

This problem was once propounded: If a man buys an article for \$3.25, and sells it for \$2.75, what is the net result of the transaction? The answer was that he would gain in the cents and lose in the dollars. This fitly illustrates the policy of the moment, in passing credits as opposed to that which makes for permanent bet-

terment and lasting gain.

A greater degree of organization and mutual helpfulness in business life—a method of checking credits that means lasting net

profits, as against the extension of credits to the unprepared and unworthy—a substantial and active resentment on the part of credit grantors against the fraudulent—a strict adherence to those principles that promote honesty and efficiency in trade and industry—all these will further the movement for the prevention of the needless mortality in commerce. (Great applause.)

CHAIRMAN JOYCE.—It is an especial pleasure to me to introduce to this convention the chairman of the Committee on Credit Interchange Bureaus. This gentleman is one of the vigorous young war-horses in credit work, and I take pleasure in introducing D. L. Sawyer, of Milwaukee. (Prolonged applause.)

REPORT OF SPECIAL COMMITTEE ON CREDIT INTERCHANGE BUREAUS

To the Officers and Directors of the National Association of Credit Men:

GENTLEMEN:

With a great desire that you may know what has been accomplished during the year just closed in the Credit Interchange Bureau Department, it gives your special committee on this subject pleasure to say, with complete confidence and assurance, that many encouraging features occurred during the year, and that this department generally has made an advance.

It is needless for your committee to dwell upon the protection and service given to subscribers by local credit exchange bureaus, for it is evident that the machinery of such bureaus, when efficiently operated and properly supervised, can assemble and distribute material of great value to credit grantors in discriminating between

safe and unsafe credit risks.

Realizing and conceding this character of service, your committee believes sincerely that progress should grow into a faster pace and that eventually the members of each local association should have at their convenient call the service of a Credit Exchange Bureau.

There were officially reported operating when this report was prepared, sixty-one Credit Exchange Bureaus. During the year bureaus were organized in the following cities: San Francisco, Washington, Austin, Saginaw-Bay City, Des Moines and Fond du

Lac.

The conference of Credit Exchange Bureau managers in Chicago on January 19th, 1916, was marked by a spirit of strong interest in efficiency of operation and the development of bureau work in a manner that would insure the maximum of service at a reasonable cost.

Your committee is led to believe that proper provision has not been made for the operation of some bureaus without financial strain, and to give that ease which must be felt by the management and supervising committees for the guarantee of the most efficient and expeditious work.

It is a mistake, in the judgment of your committee, for local

associations not to provide, in a reasonable way, for the financing of Credit Exchange Bureaus. The service, if efficient, is deserving of a reasonable charge; and to attempt the operation of a bureau on an insufficient income is but to court complaints and eventual failure.

For several years a "Zone" system between the bureaus had been tested, with but indifferent results. In one or two of the



D. L. SAWYER
F. Mayer Boot & Shoe Co., Milwaukee, Wis.
Chairman Interchange Bureau Committee

zones a very close and satisfactory interchange had been established, while in others the interchange was of a meager character and could not be classed as either typical or satisfactory.

A tendency had been encouraged through the "Zone" interchange toward a central interchange, and the Credit Exchange Bureau of the St. Louis association, offered at its own expense to demonstrate the effectiveness of central interchange, by conducting

such interchange for several months preceding the conference of

the Credit Exchange Bureau managers in Chicago.

Following that conference a committee fas appointed by your chairman, consisting of the following: F. E. Alexander, Chicago, chairman; A. C. Ellis, Pittsburgh; M. L. Orear, Kansas City, to look over the situation in St. Louis, and to arrange a plan that would allow a continuance of central interchange, but upon a basis and plan that would save the St. Louis bureau from bearing the entire cost of operation. The committee adopted a plan differing from the first and it will not be necessary to present the plan in this report, for it was to be in nature of a test until the present convention, when the bureau managers, again in conference, would consider results and probably tender recommendations to the officers and directors of the National Association or the convention.

This tendency to central interchange must be reckoned with however, and its value is beyond dispute provided facilities are possible that will insure prompt and effectual service at a reasonable

cost.

You will discover from this brief report, that activities have prevailed among the Credit Exchange Bureaus during the last year, and a spirit is on that should lead to further advances, making this department not a commercial, but purely a protective feature of the National Association of Credit Men.

Your committee urges upon every member of the Association, whether or not he may be affiliated with a Credit Exchange Bureau, to give some thought to the subject, and the support and encouragement which the department deserves and needs.

In conclusion, your committee tenders the following resolu-

tions:

T

"Resolved, That the National Association of Credit Men endorse the principles of Credit Exchange Bureaus, and pledges its assistance and support for the bringing of this department to the highest possible efficiency of operation and supervision.

II.

"Resolved, That the Special Committee on Credit Exchange Bureaus be recognized hereafter as a committee distinctive and separate from the standing committee on credit cooperation, and that it shall comprise not less than five members appointed anually by the president of the National Association of Credit Men by and with the approval of its board of directors.

III

"Resolved, That an expression of thanks is herewith tendered the Credit Exchange Bureau of the St. Louis Association of Credit Men for the assistance it has extended so cheerfully in the testing of a central interchange plan, and that this action be conveyed by the secretary of the National Association to the officers and directors of the St. Louis association and to the manager of its Credit Exchange Bureau.

TV

"Resolved, That the officers and directors of the National Association of Credit Men be and they are herewith urged to consider seriously any recommendations that may be made or conclusions reached by the managers of credit interchange bureaus in conference assembled, regarding the organization and operation of a central interchange bureau.

V

"Resolved, That local associations not at present operating a credit exchange bureau are urged to give the subject very careful study, and to cooperate with the plan so that its effectiveness may be increased by the organization of bureaus, or the adoption, as their official bureaus, those now operating and of convenient location."

Respectfully submitted,

D. L. SAWYER, Chairman.

Mr. Sawyer read his report and moved its adoption. (Note: Mr. Sawyer included Fort Smith, Arkansas, in list of cities which

organized bureaus during the year.)

Mr. Beaston, Philadelphia.—For the benefit of the organization, especially of the committee, I would like to make an amendment to the second resolution, or an insert, reading like this: "That it shall comprise not less than five members appointed annually by the president of the National Association of Credit Men, the chairman of the preceding committee being retained for the succeeding one." (Seconded by several.)

CHAIRMAN JOYCE.—I Would like to say to Mr. Beaston that the suggestion is very properly in order and I think the board would follow that suggestion without the necessity of changing this

resolution.

Mr. Beaston.-We want it understood.

CHAIRMAN JOYCE.—Mr. Beaston's amendment has been moved and properly seconded and is now before you.

The amendment was carried.

The resolutions were read and adopted singly, the second as amended.

CHAIRMAN JOYCE.—Our next order is discussion of the Central Interchange Plan. This discussion will be led by J. W. Chilton, of St. Louis. I will ask Mr. Chilton to come to the platform.

"CENTRAL INTERCHANGE BUREAU PLAN," ADDRESS BY J. W. CHILTON, ST. LOUIS, MO.

Mr. President, Ladies and Gentlemen:

After the report which has just been read, there is but little that can be said as to the central interchange proposition beyond a mere outline of its operations and the success which it has met.

It is not necessary for me to go into details as to the advantages of credit interchange bureaus. The bureaus have been established a sufficient length of time to have demonstrated their value. It must, however, be admitted that in the interchange of ledger in-

formation, local bureaus have been handicapped by the limited area in which they could obtain information to distribute to their members. Their efforts were entirely successful so far as local information was concerned, but it is of vital importance to know the different markets in which your customers may be buying other than your own, and the lost motion, the expense and the uncertainty with which bureau managers were obliged to contend has made the operation of local bureaus a serious proposition.

The idea was conceived that if a plan could be devised under which the interchange as between bureaus could be carried on the same as the interchange of local members as between themselves, we would have reached the ideal system. With this idea in view, I was given permission to appear before the board of directors at the meeting held in Kansas City last September and presented to them briefly the ideas that we in St. Louis had been working on for some

months.

After this meeting, a committee was appointed, of which I was one. We were asked to prepare a brief to present at the general conference of bureau managers, to be held in Chicago in January, and in that brief we were told to present these facts: What machinery would be necessary for the operation of a central file; the probable cost of installing the machinery; the clerical force required; the probable annual budget for operation; plans upon which the bureau should be conducted; the relation to local bureaus; the probable service to other bureaus and to individual members.

That was a pretty good-sized order. We had nothing to go by, no statistics from which to make our report, and after seriously considering the proposition, we decided that there was no way by which it could be demonstrated other than by a test, so the board of directors of the St. Louis association said that it would stand the expense for at least three months, or for a sufficient length of time

to carry us past the conference of bureau managers.

At this conference, which was held in Chicago in January, we had a very thorough discussion of the entire proposition, and at that time a resolution was offered calling for the appointment of a committee, reading in brief, as follows: "It is moved, seconded and adopted that the credit exchange bureau managers assembled believe it desirable that the experimental plan originated by the St. Louis Credit Interchange Bureau should be continued, and that in order to finance its continuance and not place the entire responsibility upon the St. Louis association, the chairman of the conference is authorized to appoint a committee of five, of which committee he will be chairman ex officio, and that such committee recommend to the credit interchange bureaus participating, or who may participate in the central interchange plan, a contribution that will guarantee its continuance for a period of at least five months; and that the committee with the best expedition possible, convene and confer together and adopt a scientific and systematic plan for the perpetuation of the bureau at a centrally located place; and that their plans and conclusions be recommended to the board of the National Association or to the annual convention."

This committee met in St. Louis on February 26 and adopted rules under which the bureau should be conducted. The rules are

simple and short, and I will infringe upon your time further to outline them to you.

First, that all bureaus should furnish the central bureau as soon as practicable with the names of all merchants inquired upon. The names of merchants located in cities where local bureaus are operated will not be placed on file in the central office, as inquiries on such merchants will, in all cases be referred to the local bureau. This was for the purpose of reducing as far as possible the volume of cards necessary for the file. In other words, it is unnecessary for any inquiring bureau to be obliged to refer to Chicago for information on a Chicago man. In other words, it would be known that the inquiry should go to Chicago, as they would naturally have the information, and it would not be necessary for Chicago to have carded and sent to the central office that name.

Bureaus which issue a daily sheet shall send a copy of this sheet to the central bureau daily, showing by a check or other designating mark such names which represent inquiries from their own members only. Reference bureaus which do not issue inquiry sheets shall send to the central bureau daily a list of inquiries made by their members only. The central bureau will, on the day of the receipt of the inquiry, send tickets to all bureaus which the cards indicate are interested. These tickets will show number or name of the bureau making the inquiry, and to which the local bureau on receiving the tickets from the central office will send the report direct. This makes the inquiring bureau in each and every instance the clearing point upon that particular name and keeps the files of all participating bureaus equally well revised and up to date.

The inquiring bureau, upon receipt of information from all interested markets, will tabulate and furnish to all interested bureaus a copy of the completed report. To avoid duplication of inquiries, when a bureau sends to both the central and local bureau at the same time, it should so inform the central office. This can be done by placing opposite the name on the inquiry sheet the number of the bureau or bureaus to which the inquiry has been previously

If all bureaus will contribute to the central bureau the information asked for without delay and will strictly observe the above rules, it will be very advantageous to all concerned and will reduce the indiscriminate inquiry to a minimum.

We have since received the support and cooperation of the following offices: St. Louis, Kansas City, Chicago, Chattanooga, St. Paul, Louisville, Milwaukee, Buffalo, Philadelphia, New Orleans, Syracuse, Sioux City, Wichita, Cincinnati, and from this time on, Memphis.

This new plan was really put into full operation on April 17. a little more than sixty days ago. During the time intervening between the conference in Chicago and this date, we have spent in

gathering together the cards and getting the information into shape to start upon the card reference plan. We have in this short time accumulated names to exceed three hundred thousand. The average number of markets shown on the different cards is something over three, while some cards show as many as eight markets in which the subject is making purchases.

I believe you will find that those managers and those associa-



H. L. EISEN

Landauer & Company, Milwaukee, Wis.

Director

tions that are familiar with this plan and have participated in its test will agree with me as to the need of perpetuating the proposition.

I thank you. (Applause.)

MR. SAWYER, Milwaukee.—The plan for the central interchange bureau which was put into operation this spring is one that, in my opinion, will work for the benefit of all local bureaus. It has become necessary to have a central interchange bureau whereby we can interchange information between bureaus. It is necessary to do

that in order to locate the markets in which purchasers are buying

their goods.

Heretofore, this has been difficult. It was only guesswork. Now, if each bureau will file its cards with the central bureau, when an inquiry comes in, it takes but a few moments to learn what markets the party under consideration is buying in. That inquiry can be sent to the adjacent bureau and the information forwarded to the inquiring bureau with only one, two or three days' delay. Thus you can check up the markets in which your customer is buying. You can note whether or not he is overbuying and you can tell by that report whether or not the man is progressive or is scattering his business in such a manner as would indicate that his home markets are turning him down.

This is a matter of importance at this time, and I am heartily in favor of carrying the central bureau idea out. In my opinion, it has to be taken in charge by the National Association. The directors must take full charge and control of the central bureau. They must designate the location of it, the manager, and assume control and responsibility. If that is done through the Interchange Bureau Committee, we will have a successful central interchange which will benefit the entire public at large. Thank you. (Applause.)

Mr. McCallum, Chattanooga.—We have talked of and we have been working for many years for what we call one hundred per cent. clearing. Yet in the words of our friend Galbraith, from St. Paul, there is no such thing. We are progressing, however, in this as in other things, and we feel now that we are nearing this one

hundred per cent. clearing.

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We will all have to admit that where we find a credit interchange bureau in operation and our customer is in its neighborhood, we gain from that interchange bureau the best sort of information. We have now what looks like a proper plan—our central bureau—and we now have a plan to find that customer's market. We all heartily support our prosecution fund, which is building, and we feel that when our central bureau plan is in full operation, we are to save heavy drafts on that fund and also are to save ourselves a great deal of trouble and work connected with this prosecution.

In our local associations we could quote you many instances where this central plan has worked well. Only on leaving home last Saturday, we received a mighty good report from as far as Syracuse, which completed for us, we thought, a most excellent report for one of our members. Our association is, from experience, heartily in favor of this central bureau plan. We feel this is

our opportunity. Let us support it. (Applause.)

MR. BRIDGMAN, Buffalo.—In the sixty days the central bureau has been working, only fourteen local bureaus have been cooperating, but in that time we have made splendid progress. You want facts. Just one illustration will suffice, perhaps, to show that the central plan will give them. On the daily list from the central bureau we have found a name listed by one of our members. His experience was sent out and in return we received thirty-two comments. If all the fifty-six bureaus were cooperating, think what it would mean in the way of broad information.

There is another thing. In soliciting members for our interchange bureau from among our association members, at least a dozen have said, "Just as soon as you are cooperating on the central plan we will join your bureau," or if not an association member, "We will join your association when you have central interchange, for then we can get some advantage." You can talk to them on facts and on dollars and cents, but you cannot always get them on other things. (Applause.)

MR. HUGHES, Austin.—The interchange bureau is a necessity for protection and we will never get the protection that we need until this central interchange bureau plan is worked up. We have a few cities in our state with good credit bureaus and good references, but there is no central interchange information. Merchants and business firms all over the United States are sending inquiries into

our state and are at a loss to get a report.

Now, how are we going to get this information? In getting the information to our friends, it sometimes costs us a dollar or more individually in postage. If we want a report out of Dallas, we write to different business men in Dallas who are members of this Association individually. They make their report to us and that is the way we cover the ground.

I believe that the first thing for us to do is to get these interchange bureaus locally, and when we do that, and have them thoroughly organized as they should be, the whole trouble will be ended and this National Association can put forth interchange bureaus that

will give us absolute protection.

MR. OREAR, Kansas City.—I feel that this is a very vital question, this question of the central interchange bureau, and I hope that every delegate present will fully appreciate the important bearing that this has upon the question of cooperation. Cooperation is the slogan of the National Association, and I feel that this convention wants to put its stamp of approval upon any betterment which will

bring about the greatest degree of cooperation.

The prosecution fund has been spoken of as a protective feature of the organization. I feel that the systematic and scientific interchange of ledger information is the greatest protective feature that we can have to-day. I feel that every one of us should be vitally interested in Mr. Chilton's report of the development thus far in the establishment of the central interchange bureau. The St. Louis organization has taken a very commendable initiative in this work and I feel that the entire organization owes a debt of gratitude to that association. I am very much in hopes, therefore, that some action can be taken to-day that will put this convention strongly behind the central interchange idea and that its perpetuation may be assured.

Mr. Pilsbury, New Orleans.—The National Association and the local associations all endorse the interchange of information because they know it is a necessary factor in the extension of trade. It is also a well known fact that the small retailer confines his purchases to a local market, but the large retail merchant, whom you are all going after, scatters his purchases in a half-dozen markets. How are you going to pass on his credit without getting information from these various markets? If you get reports from one or two bureaus,

you have not sufficient information to guide you intelligently. Therefore, a central plan of bureaus is necessary which will enable the local associations to gather promptly and efficiently as much ledger information as possible. New Orleans is heartily in favor of a central interchange plan and we seriously hope that the convention

will give the matter the consideration it deserves.

MR. PAINE, Memphis.—Yesterday you were stirred by an able address on "The Unconscious Results." To-day we have in this report an evidence of the conscious results. I am disposed to believe that those who blazed the trail of this Association must have been impressed with the wonderful possibilities of a free interchange, for it has always been a fundamental of this Association. We are, therefore, in Memphis, heartily in favor of this proposed plan and we hope it may receive the sanction of this Association.

MR. BARTLETTE, New Orleans.—New Orleans has for ten years operated a reporting bureau based, of course, upon comments of its own members. The trade report does not take the place of the commercial agency, it simply supplements it, and neither is perfect

without the other.

We feel, of course, the need of interchange with other bureaus because we cover our own market only. We have so fully convinced ourselves of the necessity for an interchange bureau that we have contributed cheerfully our share towards the support of the St. Louis proposition, but we believe also that there must be some intelligent supervision over this interchange, and the National Association is the only one to which we can look for that supervision.

In line with the wishes of our association, as well as the committee, I would offer the following and hope for favorable action:

"Whereas, The interchange report is a necessary factor in determining a credit risk, and

"WHEREAS, The efficiency of the interchange report depends

largely upon its completeness, and

"Whereas, A central interchange or reference bureau is necessary to enable local interchange bureaus to obtain economically and efficiently, trade information from other interested markets, therefore be it

"Resolved, (1) That the National Association of Credit Men in convention assembled, recommends that the board of directors give to the interchange bureaus such financial and other assistance as may be necessary to conduct for a period of at least twelve months a central interchange or reference bureau such as is now in operation in St. Louis, retaining full control and supervision over the policy and operation of said central interchange bureau.

"Resolved, (2) That a special committee be appointed by the president to supervise and study the operation of the central interchange or reference bureau and report its recommendations and

conclusions to the board.

"Resolved, (3) That all local interchange bureaus be urged to affiliate with the central interchange or reference bureau, and that a copy of these resolutions be sent to each local bureau manager, as well as the executive committees of local associations." (Applause.)

Mr. Appleton, of Chicago, seconded the motion to adopt the

resolutions.

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Mr. Baldwin, Atlanta.—I would like to move an amendment to that first resolution, following the words "twelve months"—"or longer if in their judgment it is deemed desirable."

Mr. Chandler, Buffalo.—Buffalo is heartily in accord with the trend of this meeting. I second the adoption of that amendment.

CHAIRMAN JOYCE.—The convention will act on the amendment offered to Mr. Bartlette's resolution.

MR. BARTLETTE.—I accept Mr. Baldwin's amendment gladly. The amendments and resolutions were unanimously carried.

(Prolonged applause.)

CHAIRMAN JOYCE.—After the adjournment of this twenty-first annual convention of the National Association of Credit Men, we shall no longer think of Pittsburgh as the "Smoky City"—smoky from the forges in this workshop of Vulcan; neither will it mean the city where the broad Ohio receives the dust of the coal mines of West Virginia, mingled with the oil from the wells of Pennsylvania—it will mean to us the city of cordial greeting and hospitable entertainment. (Applause.) It will also be irradicably associated in our minds as the home of its famous scholar, a man whom the universities of this country and also of foreign countries delight to honor, one who, it is said, has received more public honor than any other man in the United States, and one who has been properly designated as the foremost citizen of the great state of Pennsylvania. (Applause.)

This honor is beyond measure. Pittsburgh has given us her best so far. She has done even better than the best in presenting to you this morning the Honorable John A. Brashear. (All arise and

applaud.)

ADDRESS OF HON. JOHN A. BRASHEAR, PITTSBURGH, PA.

Mr. Chairman, Ladies and Gentlemen:

I have spoken in this hall before and I know that I will have to talk to the gentlemen and the ladies, if there are any in the back part of the house, so you men who sit in the front seats will excuse

me if I talk a little too loudly for you.

Now then, for my story, for I have only a short time to talk and I have very much to say about this wonderful city of Pittsburgh and what has been done here. I tell you, we are glad to see your faces. You are the right kind of fellows and the right kind of ladies; and God bless you, if you hadn't brought some of your ladies with you, I for one would have felt like kicking you out. (Applause.)

The chairman referred to the number of degrees that has been conferred upon me. The best degree, my dear friends, that was ever conferred upon me by the citizens of Pittsburgh and of Pennsylvania and of your dear city of Philadelphia, was "Uncle John." "There was a young theologian named Fiddle, refused to accept a degree; for, he said, 'It's enough to be Fiddle, without being Fiddle, D. D.'"

(Laughter.)

. A very dear astronomer, who has a spirit of wit and a funny name for all, was here not very long ago and we gave him a dinner.

He was telling us a story about having met a German friend of his whom he had gone to school with. This German friend had been in the army. He had on an officer's uniform and he was covered on both lapels of his coat with a great number of badges and decorations. He said to him, "My friend, how is it that you are so wonderfully decorated? Did you do anything valorous in the war? Did you win any great victory?" He says, "I will tell you, my friend. You see that big one? That is the first one I got, and I got all the other ones because I got that one, and I got that one by mistake." (Laughter.)

So after all, you see, honors pile up on a fellow. Why, ever since the governor made the mistake of naming me the most eminent man in the state of Pennsylvania, I have had all the widows of this state falling in love with me, and to put it mildly, I have had one devil of a time. One good lady who had moved out of the state, over to Washington, after writing me four love letters, dropped the name. She didn't say "Honorable" or "Doctor" or "Professor," but she commenced her letter with "O Wonderful Man." (Laughter.)

Now, aside from this pleasantry, I love to see you good fellows and the fellowship that is here, and the friendships of the world count for more than all the honors that can be piled on you. I would rather have the handshake of a little newsboy out there than the D.D.'s and the LL.D.'s and the damned D.'s or anything of the

kind. (Applause.)

Some of you were up at the observatory last night. I am sorry you didn't have a better night. When I was a boy up in the little town of Brownsville, where my friend, Bill Knox-that is all I have ever called him-was born and where my sister used to make mud pies with him, there was a fellow who brought an old telescope there that he had made himself, so that I might see some of the beauties of the skies, and so that the other fellows up there could. I raised a nickel—it was pretty hard to raise a nickel then, though they didn't have nickels, but five coppers—and saw my first sight of the beauties of heaven, and I determined right there that if John A. Brashear ever had a chance for others to see through the telescope or had the money to do it, he would do it, and on the hill yonder is the most beautiful observatory that there is in the United States, except the national one at Washington. The people of Pittsburgh gave me three hundred thousand dollars without a second asking, my dear friends. A man who had never been known to give anything away, gave me ten thousand dollars and I nearly took a fit; the next one gave me twenty-five thousand dollars and I did take a fit. So you can see what kind of people we have in the city of Pittsburgh. (Applause.)

Up yonder, although that little building has been on top of the hill but six years completed, nineteen thousand people have been up there. The poorest boy, the wealthiest man, the learned, the ignorant, whoever wants to see the beauties of the skies, is welcome

to come there without a nickel. (Applause.)

Another thing I want to tell you about Pittsburgh. About six or seven years ago a good citizen of Pittsburgh came to me and he said, "Mr. Brashear, I think something ought to be done for the public schools of Pittsburgh. I have some money and I would like

to give you a quarter of a million dollars." Just think of it! He gave me a quarter of a million dollars to take care of the teachers of the city of Pittsburgh, and to this day we have sent out nearly eight hundred teachers to study, from Maine to California. We don't let them do much in the way of studying. We want them to rest and to recreate and come back happy, and you never saw a finer crowd of girls and men in your life, and they go out among the foreigners and take care of them.

Mr. Rauh wanted me to talk about millions and billions and all that sort of thing in astronomy, but I want to tell you that this wonderful work is permeating every place, and particularly among the foreigners. The other day I was up making an address to a few little children. Oh, there were about three hundred and sixty of them. I said to the school superintendent, "How many of those children are native-born Americans?" "Twelve," she told me. Think of it—twelve up in our Grant School, but a very little distance from

where you are.

They rose to sing "America." Sitting back three or four seats from me there was a row of children singing "My Country, 'Tis of Thee." I said, "Who are those? What are their nationalities?" She said, "The first one is a Syrian, the next one an Italian, the next a Hungarian, the next a Lithuanian, and the next little fellow is an American." And they were all singing "My Country, 'Tis of Thee." Ladies and gentlemen, is there another country on the face of God's earth where that could be done to-day? There is none, and I am proud to say that our teachers are taking care of these little fellows.

I want to tell you about another thing. There came up on the platform a young fellow of sixteen. He had graduated the day before. He had taken out his first papers as an American citizen. He was a German, and what do you think his theme was? His theme was that magnificent story, that magnificent address that Lincoln made when at Gettysburg, and it came out from the bottom of his heart. Just think of it! Is there any other country where such a thing could be done? You men ought to be proud that you are living in this dear old country of ours, that is worth all the rest of the countries in the world put together. (Applause.)

I am not much of a credit man or a business man. My friend, Charlie Schwab, tells this yarn on me. Well, I heard it on another fellow and I guess it is true. A young fellow went to a physician. I guess he was a Philadelphia physician, and he said to him, "Doctor, I am feeling very sick. I have been sent to you, as you are a good person to take care of cases like my own." "Well," he says, "what is the matter with you?" "I don't know. That is what I came to you for." Well, he looked at his tongue and found it was clean. He felt his pulse and noticed it was rather weak but it was regular. He said, "I don't know; I don't see anything wrong with you. I guess I will just give you a tonic." He gave him a tonic and told him to come back in a week. He came back in a week and reported that he didn't feel quite as well as he did before. "Why," said the doctor, "what is wrong with you? I have given you the best I could. Did you take it regularly?" "Yes, sir." "Well, now," he says, "what is your business? I never thought to ask you about your business." "Why," he savs, "I am an astronomer." "My

God," he says, "why didn't you tell me that before? I have made a mistake in the prescription. Here is a dollar. Go and get something

to eat." (Laughter.)

Mr. Carnegie has chided me more than once because we didn't charge enough for our work. We recently made a very beautiful instrument for the top of Mount Wilson. We had to make three before we got one up to our ideal. He chided me and said he would break our friendship if I didn't charge more for my work. I said, "A man can't do that who is in a scientific business. He must do it more for its own sake." "Well," he says, "look here—why don't you insure yourself by charging it up?" I said, "Professors who study science are usually poor. Look here," I said, "when you make armor plate for the government and some fellow comes along and condemns it and then you have to make another one and maybe he condemns that and you have to make a third, what do you do? Do you charge him enough for the first one to pay for all of them?" He said, "I did in the long run."

I gave a lecture some years ago for the benefit of the unemployed in the city of Pittsburgh. In that talk I told about the number and distances of the stars and the wonderful worlds that are around us. A young man was coming home with my grandson that night, and he had heard my lecture. My grandson said, "Billy, where have you been to-night?" "Why," he says, "I have been hearing that man Brashear lecture." "Well, what did he say to you?" "He told us about the stars and he talked about millions and billions and trillions and quadrillions and all that sort of thing. Do you know, I have concluded that that man was either the wisest man I ever heard talk or the damnedest liar." So a man has to be careful when he is telling these figures. Do you want me to tell you in five minutes some of the figures that we have been getting out of this wonderful

work? (Cries of "Yes.")

You and I travel around on this old globe, while you are doing your credit business, 25,000 miles every twenty-four hours. You travel around the sun 398,000,000 of miles every year. You travel out into space—and this is one of the things we have found of late—twelve and a half miles a second. While you have been here, gentlemen, you have taken a pretty long journey, and every year you travel 968,000,000. In my seventy-six years, I have traveled over 70,000,000,000,000 of miles, and if I had to pay my fare at two cents a

mile for that trip, my fare would be \$1,440,000,000.

Up yonder at the new observatory, built for taking the place of the little one where Langley did his great work, where Keller did his great work, where the first work in aviation was done in our state—and I was with him for nearly thirty years in that wonderful work—we have found out that the nearest star we have in the universe, the nearest place that you good credit men could get to if you wanted to, is how many trillions of miles? It is 25,000,000,000,000,000 of miles away from us.

A man up in our workshop was showing me something not very long ago. He put a little spider-thread—not the thread of a spider's web, but of a spider's cocoon—in the micrometer. It is one of the most wonderful things that God ever made by the agency of a little spider. He weighed and measured it and he found that when he had

enough to go around the world just once, it would weigh about a pound. When he had enough to go out to the moon, it would weigh nine pounds and six-tenths of a pound. If he had enough to go to the sun, it would weigh 3,720 pounds; and to the nearest star, it would require 500,000 tons of the material, and it would require ten thousand cars of the Pennsylvania Railroad, carrying fifty tons to the car, to carry the spider-web to the nearest star. Those are some

of the things we are finding out.

We think we are pretty big people. My friends, Sir Robert Ball, in a recent paper, said that he was always anxious to get to a new world. He is an Irishman, and when he came over to New York and went through the wonderful streets and the great city, he said he really thought he had come into a new world. We think this is a pretty large world, but if we would take all the room that we have to move in—our little universe—it would occupy a space equal to 12,625, with thirty-six ciphers to the right of it, of cubic miles; or, in other words, if you good old fellows with bald heads like mine remember your notation tables, it would be 12,625 undecillions of cubic miles that we have for our own space. For comparison, if you put a little cube in Lake Erie one-seven-thousandths of an inch in diameter, you have as big a place for it as this world has. So you see, we have plenty of room.

An astronomer was lecturing to an audience like this and he says, "Gentlemen, they tell me that the sun will give out its energy for seventy million years yet and keep up life upon the earth." A gentleman jumped up in the audience and said, "Professor, how many years did you say?" He said, "I said seventy millions, sir." "Oh, heavens, I thought you said only seven millions." (Laughter.)

Well, God bless you all. Now go out, every one of you, and send out a little sunshine into the world among your fellows. Business without pleasure, business without the human side to it, business without love and affection and all of that thing isn't worth a damn. (Applause.)

Every time I close a little talk to men and women like you, I like to quote the words of my old long-haired friend, Jack Crawford:

"When a bit of sunshine hits you, after the passing of a cloud, When a bit of laughter gits you, and your spine is feeling proud, Don't forget to fling it at a soul that's feeling blue, For the minute that you fling it, it's a boomerang to you."

(All rise and applaud.)

MR. BEASTON, Philadelphia.—I move you that for this most wonderful talk, bringing all the sunshine of the world into our hearts, we give another rising vote of thanks to the greatest man in

Pennsylvania.

CHAIRMAN JOYCE.—The convention will please rise. (All rise.) We are doing pretty well this morning. We are only five minutes behind. It would probably be of interest to all members of this Association to know that the house represented by the committee chairman who will make the next report thinks well of the Association of Credit Men, both national and local. They hold seventy-two memberships in this organization. (Applause.) I wish to

present H. H. Merrick, of Chicago, chairman of the Banking and Currency Committee of the National Association of Credit Men. (Prolonged applause.)

REPORT OF COMMITTEE ON BANKING AND CURRENCY

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Banking and Currency Committee has found the fiscal year just closed one affording unusual opportunities to the student of economics, commerce and finance for the study of the various banking and currency problems which have presented themselves by reason of the rapidly changing panorama of events at home and abroad by which finance, trade and general conditions have been seriously affected.

This year has witnessed the continued and almost ceaseless bitter struggle between the foreign powers with the attendant enormous and almost incomprehensible growth of the national debts of the great powers involved, creating an abnormal demand for our products of soil and manufacture, taxing to the extreme limit of capacity our lands, mines, mills, factories and lines of transportation.

This has resulted in a complete reversal of condition from that of semi-activity to that of greatest activity and maximum production in all lines, including a maximum employment of labor and time, and an increase of 10 per cent. to 20 per cent. in wages in nearly every line, highest prices for commodities, and enormous profits, especially in munitions and other war supplies and those for which an excessive demand was created as a direct or indirect result of the war.

Aside from our European exports, we have noted with interest that our foreign trade with South America is now approximately double what it was one year ago. The balance of trade in favor of the United States for the month of March alone was \$196,000,000; for the first quarter ending March 31st, over \$550,000,000, and for the nine months ending March 31st, 1916, \$1,491,000,000.

Our holdings of gold coin and bullion are over \$2,300,000,000, this supply having been augmented since January 1st, 1915, by over three hundred millions of dollars from foreign countries alone, and we have loaned abroad to the extent of about one and one-half billions of dollars.

It is estimated that by August 1st:

The German national debt will be twelve and a quarter billions of dollars, or \$188.46 per capita;

Great Britain's national debt will be fourteen and a half billions of dollars, or \$314.00 per capita, and

The French national debt will be fourteen and a half billions of dollars, or \$368.00 per capita;

Making a grand total of forty-one and one-quarter billions of dollars.

These figures presage the foreign economic conditions we may expect to prevail at the close of the European war, should peace

be in sight this fall.

Business conditions generally in the United States may be considered at top-notch, and while such factors as railway congestion and shortage of cars may have in some degree retarded the enormous movements of commodities from original sources in



H. H. MERRICK
Armour & Co., Chicago, Ill.
Chairman Banking and Currency Committee

the distribution, we feel we may safely say that the free movement was in no way hampered by credit restrictions. On the contrary, credit has expanded to proportions heretofore unheard of in the annals of commerce and finance. Under ordinary circumstances this would be viewed with gravest concern and even alarm, yet the expansion has been accomplished apparently with the greatest ease, and throughout this entire period of marvelous expansion the Federal

Reserve System has stood a tower of strength and support, just as was predicted one year ago at this time, thereby proving the wisdom of the conclusions of your committee of the previous year that under the able management of the Federal Reserve Board the system would be able, if the demand should arise, to supply adequate amounts of elastic currency or credits for all legitimate purposes.

It is true that so far in its operation the Federal Reserve System has been called upon to issue no more than approximately one hundred and eighty-seven millions of dollars in federal reserve notes, and that its rediscounts at this writing are only approximately seventy millions of dollars; yet, as a prominent member of the Federal Board has said, the Federal Reserve System is a structure essentially based on gold and confidence (i. e., credit). We may therefore very properly assume that it was due in no small degree to the extreme confidence inspired by the Federal Reserve System and its board, and their ability to meet the requirements for which they were intended, that such expansion in credit has been possible.

Another great factor responsible for this condition was the low rates of discount and interest, which we believe were brought about through the establishment of minimum rates of rediscount at the Federal Reserve Banks, these having been, in certain sections and within the last ninety days, as low as 3 per cent. And here again is borne out the conclusions of a noted authority on finance, who said in his first analysis of the Federal Reserve Act that the underlying principle of it all was the maximum expansion of credits under a safe banking system and minimum rates of interest or discount.

Your Banking and Currency Committee has confined its activities very largely during the past year to the further study of the Federal Reserve System, the activities of the board and a consideration of the various problems of importance which have confronted the board from time to time.

On January 20th, 1916, the first conference of the Banking and Currency Committee under the auspices of the National Association of Credit Men was held at the Hotel La Salle in Chicago. This conference was honored by the presence of well-known authorities and close students of the particular subjects which were under consideration by the conference at that time. They delivered addresses on this occasion which were highly instructive and threw new light thereon. Full details of this conference were published in the following issue of the "Bulletin" of the National Association, and from time to time since then the "Bulletin" has published in complete form several of the important addresses delivered, together with the discussions thereon. On the whole, the conference was pronounced an unqualified success and it will undoubtedly be repeated the coming year. Your committee recommends this.

At this time we are concerned with a number of modifications or amendments to the Federal Reserve Act, which the Federal Reserve Board is proposing to Congress, and, having given much serious thought to them, we have in the past thirty days referred these pending proposals to the various units of the Committee on

Banking and Currency, and also to the Banking and Currency Committees of a majority of local associations throughout the country in order that their business communities might be sounded, with a view to obtaining the consensus of opinion of both bankers and merchants upon the wisdom of such legislation. Of these several proposals we believe that primarily the interest of merchants and credit grantors, as well as bankers, has centered upon the extension of the bank acceptance plan beyond its application to foreign transactions, so that it includes as well acceptances drawn against and secured by shipping documents or warehouse receipts covering actual domestic transactions in marketable commodities, or against the pledge of goods actually sold.

It was the sense of the conference of Banking and Currency Committees in January, and we renew such expressions at this time, that trade acceptances offered one of the best forms of liquid commercial paper readily acceptable for rediscount by Federal Reserve Banks, not only as affording a desirable substitution for the open account system, but as a panacea for such ills as overextension through overbuying and overselling, the cash discount system, which offers untold opportunities for gross abuses by discount-grabbers, and again slow collections and deferred liquidation. That our opinions are concurrent with those arrived at by the Federal Reserve Board after more than a year's deliberation is clearly evidenced. The practicability and efficiency of such a system has been thoroughly proven in its application in foreign countries.

It is the opinion of your committee, in view of many expressions received from numerous sources, that member banks should be permitted to hold stock in banks chartered by the United States government and organized for the special purpose of transacting business in foreign countries. The law in its present form permits of the establishment of foreign branches by member banks of a certain size and this has limited foreign direct representation to a very few of the larger banks of the country. This amendment, if passed, will permit of all member banks holding stock and having a connection with the bank transacting business abroad and a voice

in its operation.

Obviously the establishment of such banking facilities are essential to the development of proper credit lines in connection with our further commercial invasion of foreign lands, for, in our opinion, borne out by recent experience, the establishment of proper lines of

credit must precede actual trade relations.

The suggested amendment to permit Federal Reserve Banks to issue federal reserve notes based upon and in an equivalent amount to such securities as bankers' acceptances, bills of exchange, drafts, notes, etc., purchased on the open market, or the deposit of gold, or of both (provided such gold deposited with the federal reserve agent shall count as a part of the reserve required by the act) is favorably regarded by your committee, for we believe this will further serve to relieve stringency, in emergency fashion, under

much more favorable conditions than those provided for in the Aldrich-Vreeland Act.

It is deemed advisable, however, that this privilege be granted only in times of stress and upon application to the board by the member banks, and that it may be withdrawn at the discretion of the board when, in their opinion, such unusual conditions shall have been relieved.

Your committee recommends legislation which will permit the Federal Reserve Banks to make advances to member banks against their promissory notes secured by such paper as under provisions of the board would be readily acceptable for rediscount or purchase, or against the deposit or pledge of United States government bonds, which accommodation should cover a period of not to exceed fifteen days. Such an amendment to the act would offer a better recognition of the stability and responsibility of the member banks and thus evidence a broader policy conducive to non-member banks becoming a part of the system.

The question of the rights of a national bank to establish branches within the limits of its own city, and confined to transactions within its own county, is one on which opinions appear widely diversified, and, although the majority of opinions are in favor of such amendment, your committee deems it inadvisable at this time

to make any specific recommendations.

In our opinion, the power granted under Section 24, to make loans on farm lands, should be extended to permit national banks located in other than central reserve cities to make loans for a period of not to exceed one year upon improved and unencumbered farm lands, situated within their federal reserve districts or within a radius of one hundred miles from the place in which such bank is located, irrespective of district lines. The extent of such loans in the aggregate should be limited to 25 per cent. of the capital and surplus of the bank, or one-third of its time deposits, and no individual loan should exceed 50 per cent. of the value of the property pledged. Obviously this proposed amendment is of special interest to the banks in less congested districts and in the smaller cities where wholesale and jobbing trade are not extensively catered to.

It is pointed out by the Federal Reserve Board in submitting these suggestions that the act is a progressive piece of legislation and creates new conditions as the result of its own operation, and your committee believes that the Federal Reserve Board has very wisely considered these subjects as proposed amendments to the Federal Reserve Act in elimination of the principal difficulties they have experienced in the operation of the system and to supply what

appear to them to be deficiencies in connection therewith.

It is obvious to us that several of these amendments would tend to make the system less objectionable to the state banks and trust companies, and there is no gainsaying that in order to attain the high standard of efficiency which it was proposed the system would eventually develop it is essential that a very large majority of state banks and trust companies become members thereof. Up to May 1st, only thirty-four of them had become a part of the Federal Reserve System. It appears to your committee that the Federal Reserve Board, in dealing with the many problems that confront it, have dealt in a broad-minded and sympathetic attitude toward the member banks and have made suggestions which, in the main, will be acceptable to Congress as well as to member banks.

Therefore, be it

I

"Resolved, That the National Association of Credit Men in convention assembled further expresses its appreciation of the success of the Federal Reserve System in its operation extending over a period of one and one-half years, and feels that its executive board has continued to administer its affairs with wisdom and with justice impartial.

II

"Resolved, That the National Association of Credit Men endorses and recommends for favorable legislation the several proposed amendments submitted to Congress by the Federal Reserve Board and numbered in their report as follows:

"No. I-To allow member banks to subscribe for and hold stock in banks organized for the special purpose of

doing a banking business in foreign countries.

"No. 2—To allow Federal Reserve Banks to issue federal reserve notes against deposits in equal amount, face value of notes, drafts, bills of exchange, bankers' acceptances, etc., or of gold, or of both.

"No. 3-To extend the acceptance system to include acceptances secured by proper documents arising out of

domestic transactions.

"No. 4—To allow member banks to obtain temporary accommodation for periods not to exceed fifteen days on their promissory notes secured by approved rediscountable commercial paper or United States government bonds.

"No. 5—To allow national banks to make loans on farm lands, as provided in Section 24, within certain radii and limited to 25 per cent of the bank's capital and surplus, or one-third of its time deposits, and in no single instance to exceed 50 per cent. of the value of the property securing the loan. And further

"Resolved, That a copy of this resolution be sent to each member of the Federal Reserve Board, and, at the proper time, to each

member of Congress.

TIT

"Resolved, That the various local associations of credit men throughout the United States be urged to appoint for the ensuing year committees on Banking and Currency, consisting in each association of five or more members, with the request that they cooperate closely with the Committee on Banking and Currency of the National Association to be appointed, to the end that we may lend such assistance as may be within our power to the Federal Reserve Board in the solution of its many problems, and that these committees further cooperate in a nation-wide campaign for the extension of trade acceptances based on domestic transactions."

Respectfully submitted,

H. H. MERRICK, Chairman, Chicago, Ill. J. K. CALHOUN, Chicago, Ill. HENRY T. SMITH, Chicago, Ill. Jos. A. McCord, Vice-Chairman, Atlanta, Ga. R. W. WESSELS, Atlanta, Ga. JOHN K. OTTLEY, Atlanta, Ga. H. B. Humason, Vice-Chairman, St. Paul, Minn. HARRY DRANGER, St. Paul, Minn. LEVI T. JONES, St. Paul, Minn. WM. TONKS, Vice-Chairman, Cleveland, Ohio. F. G. WOODWORTH, Cleveland, Ohio. WILLIAM E. WARD, Cleveland, Ohio. H. H. McKee, Vice-Chairman, Washington, D. C. RAYMOND P. Cox, Vice-Chairman, Boston, Mass. CHAS. E. PIPER, Boston, Mass. D. W. WADE, Boston, Mass.

E. P. SPRAUL, Vice-Chairman, Kansas City, Mo.

E. L. McClure, Kansas City, Mo. A. B. Eisenhower, Kansas City, Mo.

Mr. Merrick presented his report and moved its adoption. The motion was seconded and carried as a whole, without discussion.

Mr. Kingsbury, Rochester.—Before we leave this subject, I would like to present this resolution, and if it meets with a second, to ask for the privilege of speaking on it for a moment.

CHAIRMAN JOYCE.—Will you first explain why you are late in

presenting it?

MR. KINGSBURY.—I rise to a question of personal privilege. I consulted your boss as to presenting this resolution and he said he thought you would let it go by.

Secretary Tregoe.—Mr. President, he didn't say a word to me. Chairman Joyce.—Mr. Kingsbury is getting in bad. We will

let him proceed.

Mr. Kingsbury.—The boss I recognize is the president of the

Association and not the hired man. (Laughter.)

"Resolved, That the incoming Committee on Banking and Currency be urged to consider a movement looking towards the revision of state banking laws as regards savings banks, to the end that greater security be given to the savings of the people in those states where savings banks are not now closely supervised." (Applause.)

Mr. Sheffey, of Lynchburg, seconded the motion.

MR. KINGSBURY.—My reason for now offering this resolution is that it was partly brought to mind by some of the remarks of Mr. Brashear when he spoke of speaking to those three hundred

and sixty children in this city, only twelve of whom were nativeborn. A savings bank in this city failed not long ago and there were some twelve or fourteen thousand children of this city who had

their little earnings in that bank.

The state of Pennsylvania has two first citizens, for a resident of this city came forward and guaranteed the deposits of those children, saw that they were paid instantly in cash. He performed an act that will go down in history and has made friends for banking institutions in this country. (Applause.) Those children, if they had been permitted to lose their little savings in that bank, would have had an instant distrust of banks from that time on. There would have been twenty thousand converts to the old sock and the tea-kettle to keep their savings in.

We need it. We have in the older states in the East savings banks that rarely fail. They can only fail through internal mismanagement and almost invariably through defalcation. The law regulates their investments, supervises them closely, and in other states where that is not done, we are having a succession of failures. When banks fail, the loss falls on men of mature years, but when the savings bank fails and the savings of our little children and of the

poor are lost, we are up against another proposition.

I hope that a movement of this kind can be started and that we will live to see close supervision of savings banks in all the states of

the Union. (Applause.)

MR. St. Peter, Michigan.—I believe the phraseology of the resolution presented by Mr. Kingsbury should be amended to include private banks, (Applause) because I think it is within the knowledge of all credit men here, that in a great many states private banks are a serious source of loss in savings. I offer that as an amendment. (Applause.)

MR. KINGSBURY.—I will accept the amendment.

MR. ELLIS.—The public-spirited gentleman who provided for the payment of these school children's funds not only did that, but he provided for the payment of all funds that were below a certain small figure, so that no matter who the person was, whether he was a school child or a laborer, he could get his funds immediately. He is one of our public-spirited men that we all love. I need not tell you that he is building this building adjoining and he owns the one beyond it, and he started in business as a poor boy, a clerk in a country grocery store out here about forty or fifty miles, and he built himself up by his honesty and integrity; he stands as one of our foremost citizens and we are all proud of him. (Applause.)

MR. BRASHEAR.—I just want to say that that good fellow was the same one who looks after the school teachers and who gave me an endowment to take care of anybody that wanted to come to the

observatory. (Applause.)

CHAIRMAN JOYCE.—Those in favor of the resolution as amended will signify their assent by saying "Aye." (Carried.)

Mr. Moore, Peoria.—(Laughter.)

CHAIRMAN JOYCE.—Will the gentleman please name the state?

MR. Moore.—It is located just a few miles from Chicago. I arise for just a moment of your time to ask a personal privilege of

this convention. I wish to read you just a few words from a telegram which I have just received addressed to me personally:

"While you will soon retire and I have already retired from the active work of our Association, we will always maintain our interest in its work. Our friendship could not be destroyed, and I hope that we may be privileged to meet often in the coming years, and my best wishes and kindest thoughts will be with you throughout this convention."

That message is from the man who has given you more service than any other man who has served you, and I wonder if you have missed, as I have, that stalwart form, that most noble man, the one whom I have been privileged to value as a brother, and the one who, throughout this week, is with us in thought and only on account of his illness is not with us as he has been at so many of our conven-

tions in the years past.

It seems to me that we could make no more fitting recognition of that beloved member of our Association to-day than that this Association grant to him that privilege which has been extended to but one other man among us—President Meek—that we place Ex-President Salisbury upon our honorary advisory board and that our secretary immediately send him a telegram conveying to him our love and advising him of the honor we extend him. (Great Applause.)

I move you, Mr. President, that this be done. The motion was seconded and carried unanimously.

Chairman Joyce.—The most important legislation of recent years, in fact, the most important constructive legislation of this generation, is the Federal Reserve Act. The enactment of this bill was of no more vital interest to the country than was the selection of the man to be charged with the duty of enforcing the new monetary system. The whole business world anxiously awaited the announcement of the name of the leader. When that announcement came, the country paid its perfect tribute, expressed by the feeling of quiet and universal confidence that the right man had been found for the right place. Never has the National Association of Credit Men extended a more cordial welcome than that which we now extend to our distinguished guest, the Honorable Charles S. Hamlin, chairman of the Federal Reserve Board of Washington. (All arise and applaud.)

"THE FEDERAL RESERVE ACT," ADDRESS BY HON, CHARLES S. HAMLIN, CHAIRMAN FEDERAL RESERVE BOARD

Mr. President and Gentlemen:

I cannot tell you what a pleasure it is to come here to-day to this wonderful city in this wonderful commonwealth and witness the marvelous development that I can see in the few years since I have been here. It is also a great pleasure to me to come here to this convention of a great organization, for I can see with my own eyes its marvelous development during the few years since I had the

honor to address it in the city of Boston. If, however, I were to come here and say what I would like to say, if I were to tell you of the splendid assistance that this organization has given to the Federal Reserve System, I should want at least two or three hours to express my feelings and my gratitude to you (Applause.)

Day in and day out, your organization has been fighting to develop the trade acceptance, so called, and in my opinion that will be the greatest boon to the business men and the people of the United States, and I feel that if your organization had done nothing more, its services would have been memorable, but in every aspect of the great questions before us under the Federal Reserve Act, this great organization has been at our side ever ready to give help, ever ready to give advice, and I can assure you that the advice and that help has been gratefully received and gratefully appreciated. (Applause.)

Only yesterday I had the pleasure of marching in the great preparedness parade in the city of Washington, when over sixty thousand people, headed by the President of the United States, (Applause) marched through the streets of Washington to let the people of this country see their desire for preparedness for military

defence.

In the year 1913, December 23d, Congress, in enacting the Federal Reserve Act, enacted a law which has given us complete financial preparedness for whatever may occur. (Applause.) We see the twelve huge federal banks with their assets and resources of \$583,000,000, with nearly \$400,000,000 in gold, with \$79,000,000 in paper, and with an equal amount in government bonds and warrants. We see that this great system is established and ready to meet every domestic trouble or every financial trouble that may arise or that has arisen in the present or that may arise in the future.

Those twelve federal reserve banks are twelve great independent banks, coordinated into one union through the Federal Reserve Board, and the duty of the Federal Reserve Board is to watch and care for those twelve federal reserve banks, and through them to look out and help the member banks, and last but not least, through the reserve banks and through the member banks to protect the interests of the greatest number of the people of the United States.

(Applause.)

We see to-day a condition of business prosperity unparalleled in the history of our great Union. We see to-day dollar exchange being recognized the world over. We see our bankers becoming the bankers for the whole civilized world. But, my friends, in the midst of this great unprecedented prosperity, we must be cautious and careful and conservative. In the time of great prosperity is the time to look out and trim your sails for whatever may come in the future; and undoubtedly there are great problems which will arise in the future, but I speak with unbounded optimism and a perfect feeling of confidence that whatever those problems may be, they can be successfully met under the Federal Reserve Act and the Federal Reserve System. (Applause.)

We have seen under the operation of the act, under its lower reserve requirements, releasing enormous amounts of credits, under the lower discount rates fixed by the federal reserve banks and assisted by the inflow of metal from abroad, we have seen rates lower than ever before in the history of this country. We have seen a crop movement attended by no stringency. In fact, it has gone so quietly that we would hardly know it has taken place.

We have seen the discount rates gradually falling and gradually reaching a stage of uniformity, which is certainly a most satisfactory



A. E. GILSTER Kroeger-Amos-James Grocery Co., St. Louis, Mo. Director

development. We have seen that not a single federal reserve bank, although they have gone through a great stress, has even asked for a rediscount from another federal reserve bank. That was the one power that many of our friends doubted the expediency of. They said that it is dangerous to permit a board to force one federal reserve bank to rediscount paper for another bank, and they thought that was a very doubtful power to give to the Federal Reserve Board, but so far from the board having to force any bank to re-

discount, no bank has even asked the privilege. Some of our banks are almost annoyed because other banks won't come forward and ask the privilege of rediscounting with them, and they came to us and said, "If there is going to be any rediscounting, we all want to be on a fair, even basis. We all want to participate." We told them if there were any requests for rediscount, every federal reserve bank would have its opportunity. So what was originally felt to be a doubtful power has not been used, but we have had to repress banks who wanted to rediscount and who were almost annoyed because some of the other banks would not come forward and ask for it.

It is not a very far cry to August, 1914, and think of the conditions then that were confronting this country. We were threatened with great financial panics following the terrible war which broke out in Europe. You all remember the conditions of those days. You remember that the Secretary of the Treasury came and assisted the movement of the crops by depositing money for that purpose, and that gave material help. You remember that in the early part of the panic the Secretary of the Treasury came forward and issued some \$388,000,000 of Aldrich-Vreeland notes, but, my friends, the fact that he could issue those notes depended upon the Federal Reserve Act, for the Aldrich-Vreeland Act originally had so many conditions fixed upon it and such a high rate of taxation -a maximum of ten per cent. was imposed—that that act would have been impracticable in the panic of 1914 at the high rates of interest exacted. The Federal Reserve Act extended that act for a year, made more liberal the issue of Aldrich-Vreeland notes, and lowered the rates of taxation upon those notes from a minimum of three per cent. to a maximum of six per cent., and that made it practicable to issue them and stave off the panic and remove all its dangers.

But if such a crisis ever again should reach this country, we have now an elastic currency in the federal reserve notes, and we can issue them as freely as we could issue the Aldrich-Vreeland notes. Therefore, we approach the future with perfect trust and

confidence.

One of the first things the Federal Reserve Board had to do was to face the question of raising gold to discharge our existing debts to Europe, which were five or six hundred million dollars, payable in gold. The banks called on us. We sent out a notice to all the banks in the reserve cities and said, "We want a hundred million dollars in gold sent to us at once," and the banks, with a patriotism deserving of the highest confidence, sent us back almost by return mail, one hundred and ten million dollars in gold. If we had asked for two hundred and fifty millions, I believe it would have been promptly forthcoming.

That fixed the confidence of the people of the world in the United States. Of that fund of one hundred and ten million dollars, only seven or eight millions had to be sent out of the country and

the rest finally was returned.

The Federal Reserve Board also took up the question of raising a cotton fund, so called, of \$135,000,000, and we raised that

fund to help move the great cotton crop of the country. Of that \$135,000,000, we bought only one note of \$28,000 and the rest of the money went back or stayed in the pockets of the people who had contributed it. (Applause.)

But, my friends, the raising of that gold fund of \$110,000,000 and the cotton fund of \$135,000,000 had a psychological effect. It satisfied the people of the world that every obligation of the people of the United States payable in gold could be and would be promptly

paid in that metal. (Applause.)

And when that confidence was restored, you saw our exports again start up by leaps and bounds, and instantly the tide was turned. A commission came over to this country to talk with us as to how best we could meet our obligations abroad, and they had hardly returned and reached their native shores before the problem was how they could discharge their obligations to the people of the

United States. (Applause.)

The Federal Reserve Board also made provisions for a so-called commodity rate to help move the crops of this great country. We said to banks, "If you will lend at not over six per cent., we will give you money at the astonishingly low rate of three per cent." We were severely criticised. They said we were affecting bank rates, trying to fix the rates charged by the banks to their customers, but some banks came to us and said, "If you will give us a special rate, we will give especially low accommodations to move the crops." We were impressed with that argument and we told the banks to go ahead and that to any bank that would lend as low as six per cent., we would give money through the federal reserve banks at We extended that privilege not only to cotton, to three per cent. wheat, but to all the other great crops of the United States, and I believe that thereby was rendered a signal service to the people and the consumers and the merchants of this great country. (Applause.)

The Federal Reserve Act, as I have said, is in force and has most successfully accomplished what was laid out for it. We have problems yet to consider, but we approach them with perfect confidence. Much has been said about the fear of future panics in the United States. I believe that under the Federal Reserve System we never again can have a universal currency panic such as swept across this country in 1914 and 1907. Nor do I believe that under this

system we can ever have a universal collapse of credit.

Yet that does not mean that individual banks cannot go astray. It does not mean that individual presidents and directors may not be foolish and unwise and may not suffer. It does not mean that there may not come times of financial stress, but it does mean that whatever comes, we have a great, broad system, we have the power to meet any problem that comes, and we can meet it in such a way that we will care for the best interests of the greatest number of the people of the United States.

I have heard much said about our state banks. They say many of them and some of the most powerful of them have already joined the system. Others are holding back, waiting awhile, and I say to those banks that they should come in and broaden our base. While I have perfect confidence that we can cope with every problem that may arise, at the same time our base should be broadened as much

as possible to take care of the interests of the country. We are going to have great problems when this terrible war is over, and the broader the base we fix for our system, the more easily and quickly we can meet those problems.

A president of a state bank said to me not long ago, "What is the use of our joining, if you say there never can be any more



H. H. HUMPHREY Brown, Durrell & Co., Boston, Mass. Director

panics? Why should we give up our reserves and our capital and all that? Why should we not get the benefit without paying for it?" "Well," I said, "suppose the question is raised in a city as to establishing a fire service system and somebody should get up and say, I read a report the other day saying that the fire service systems of the United States were so complete that there could never be a conflagration which could consume the whole United States. Therefore, the people of this town or city can set down without estab-

lishing one of their own.' Would you not think that man was almost

But, my friends, there is a broader base than that. I say it is the power of patriotism of the state banks. We have the ability, as we believe, to care for this system without them, yet we feel it is their patriotic duty to enlist under the federal banner. You note an act about to be passed by the national legislature providing for the increasing of the army and providing for the falling back upon the state militias of the various states. The Federal Reserve Act has broadened and strengthened the powers of the national banks, but it has provided also for the help of the state banks by coming into this system. It would be as unpatriotic for the great state banks to stay out of this system as for the state militias of the various states to disband and refuse to do their part towards the

defense of this country of ours.

I believe that sentiment will appeal to the great state banks of the United States, because they are made up of patriotic men. They know full well that they can come into our system and bring with them privileges that we have not as yet given to the national banks. They have the privilege of loaning on real estate, and they can come in without altering that privilege except that their assets must be reasonably liquid. They can come in and we can accept the examination of their state authorities, if it is known to be a satisfactory system of examination. Indeed, we have already accepted the systems of several great states. They can come in with the power to give domestic acceptances, which is a power not yet given to national banks. They can come in with all their branches, and as yet we have not given that power to national banks. But most of all, when they come in, if they are dissatisfied with the system, on giving reasonable notice, they can arrange to withdraw. But I make the prediction that when a state bank once comes into our system it will never look behind to see whether that door is open or shut.

You all know the reason for the passage of the Federal Reserve Act. You know the condition of the banks before its passage. We had seventy-five hundred independent national banks, each with its independent reserve. There was no coordination-simply an army of several thousand banks, not a corporal, a sergeant, a major or a general in command, but each fighting for itself. Their reserves were scattered. The reserves of a bank were necessarily held for itself. In time of trouble, instead of paying out their money to help their customers, they were forced to draw in, to lift up their drawbridge, and to increase their own reserves at the expense of the people for whose sake they should have poured their reserves into the market.

That was the condition of the national banks. Besides, in times of stress, as I have said, these banks, instead of paying out their resources, hoarded them, and when the people of the country saw the banks hoarding, naturally they, too, hoarded. I know of no more unhappy spectacle in this country than that of frightened banks in a panic hoarding their reserves. It is no wonder that the people follow their example and take every dollar they can get and put their money in the safe deposit vaults.

We had a national bank currency. National bank notes were issued and are issued to-day, supposed to represent the expansion of trade and commerce, but tied down to government bonds which represent the destruction in the past of trade and commerce. Their expansion is tied to government bonds and as a result, when the notes should expand, they contract; and when they should have contracted, they had a foolish way of expanding and the business of

the country was literally tied in a strait-jacket.

We now have a real bank-note currency—the Federal Reserve notes—and an elastic currency. It expands when business expands. It contracts when business contracts and I believe this system will be the greatest boon to the people of the United States. In the old days, when a bank discounted paper, what did it do with it? It took the paper is discounted and that paper was held until maturity. The bank president took the piece of paper, tenderly placed it in the bank vaults as if they were funeral vaults, only to be opened on the day of maturity, and if any bank president with foolish propensities opened that vault and tried to sell the paper, the finger of suspicion was placed upon him and upon his directors.

Under the Federal Reserve Act, the whole theory is changed. A bank can discount paper when it needs to. It can take that paper across the street and turn it into gold. That paper, dead before the Federal Reserve Act, is now fairly quivering with life, and this is going to be a great boon not only to the banks but to their customers.

the people of the United States.

The Federal Reserve Act consolidates the reserves of the banks. We have \$468,000,000, practically all in gold, deposited by the banks, and in time of trouble any bank can freely come to us. It can come to us and take back more than it put in, because there never could come a time when all those who put in that reserve would want it back. A panic which would make such demand could not be conceived of, and I say that a bank can put in an amount and in case of need take out two or three or four times that amount.

We have provided for rediscounts. Banks can take their paper and turn it into gold. Under the old law rediscounting was a sin, but under the Federal Reserve Act rediscounting is righteous and the very foundation of the whole system. You know what the system does. It provides for a franchise tax, taking from the federal reserve banks all their profits over their six per cent. dividends and a reasonable surplus, so there is no incentive to do anything more than to serve the interests of the people and the member banks. It provides for cumulative dividends, and I neglected to say that it also provides that every dollar of funds held by the federal reserve banks is a trust fund for the benefit of the commerce, industry and agricultural interests of the United States. Not a dollar of it can be loaned out on the call-loan market on stock exchange collateral. It is a trust for the people of the United States engaged in business, commerce, industry and agriculture.

Under the old system, the call-loan was the financial barometer of the country, and people watched it as it fell to one per cent and as it jumped to one hundred per cent, and then fell down to twenty per cent, only to go up to eighty per cent. They actually gauged the commerce and industries of this great country by the

crazy vacillations of the call-loan rates.

But under the Federal Reserve Act the rates of interest are fixed by the federal reserve banks, and the call-loan, formerly the very center of financial circulation, is now relegated to the bearded

financial lady and the fat financial boy. (Applause.)

Some of our friends did not like the Federal Reserve Act. They wanted one central bank, and that central bank was recommended by the Aldrich Monetary Commission. That commission did a splendid piece of work. They went all over the world. They collected much valuable literature on the subject of banking, and certainly the country owes them a great debt. They recommended a bill providing for one central bank with fifteen branches. That bill was well drawn. It would have been a workable measure. It represented the most careful acumen and thought, but the trouble with the bill was this: It concentrated all power in the one central organization at Washington. It provided practically for no control in the interests of the people of the United States. It was framed on the theory that banking is a private business and not a public business. As a matter of fact, that bill was never seen brought to a vote in congress.

The Federal Reserve Act, however, instead of having one central bank at Washington, has twelve independent banks scattered over the country, coordinated into a unified system through the Federal Reserve Board, and I firmly believe that that is a far better system because each of those banks knows the temper, knows the needs of its own community. The unified control can properly be exercised by the board in Washington, but the real power is scattered through the country in the hands of these great federal reserve

banks.

To those who wanted one central bank, I just put this question for consideration. To-day we have essentially, without exaggeration, twelve central banks. But how large are those banks? When you talk of a central bank, you are apt to talk of the central bank in Europe, in Great Britain or in Germany or in France or in Spain. Do you realize the size of these twelve federal reserve banks? The federal reserve bank of Chicago serves a population of over twelve millions—a larger population than all of Norway, Sweden and Switzerland combined, and that, my friends, makes a pretty large territory and a very large central bank. If you talk about area as opposed to population, take the federal reserve bank of San Francisco. The area covered by that district is so large that you could put into it all of Great Britain, all of continental France, all the German Empire in Europe, entire continental Italy, and then you would have an area left over larger than all of New England except Maine. I think, my friends, that you will realize this makes a very respectable territory for a central bank.

You know the powers of the board. In the public interest we appoint three members of each board of directors of the federal reserve banks. We have further general control over the system. We have the power to decline commercial paper. We have the power to buy foreign bills of exchange, and in the future that will be one of the most valuable powers of the board. When the wheat and the cotton begin to move, the market will be flooded with

bills and the prices depressed, and the federal reserve banks can buy those bills and steady the rate of exchange to the greatest advantage to the people of the United States. At other times, when the reverse conditions occur, the federal reserve banks can supply the markets with exchange and prevent unusually high rates, in that way saving exchange, to the great advantage of our people.

Some banks say that they do not get any interest on reserve notes, but if any bank will consider the lower reserve requirement of the Federal Reserve Act, they will find that they can invest that released money and get back every dollar. If a bank could use those released reserves at six per cent. interest, it would make it even, but if it could use them for future loans, it could probably make double what it could make under the old system in the shape

of two per cent. interest.

Some say we are not paying dividends on capital and that is a reason for not coming in. Why, my friends, do you believe there was ever a bank organized that in a year and a half was able to make its dividends and lay up a handsome surplus? Bankers tell me that a new bank may be marvelously prosperous in ten years, but if it can make its expenses in the first two or three years it should be a very happy bank.

If there is one thing certain about the federal reserve system, it is that the banks will have no trouble whatsoever in making dividends. You must remember that the better the time, the less need there is of recourse to the banks, and consequently, the lower the dividends; but these are cumulative and when business once more gets down to its normal, you will see expenses and dividends

met with perfect ease and certainty.

Some bank presidents say that they buy no paper eligible for rediscount and anyhow that there is so much red tape about rediscounting. I have always asked those bank presidents who offer this criticism to go over with me the paper in their portfolio and much to their amazement we usually find that a majority of it would be readily rediscounted by their federal reserve bank. They go back amazed, admitting that they had not looked into the question. Occasionally we find a man who has no eligible paper and I say, "My friend, you had better go back and call your directors quietly and resume the functions of a commercial bank, from which you have evidently widely strayed." (Applause.)

Then they say that the federal reserve banks, in earning their expenses and dividends, compete with and injure the member banks. Well, it takes the earnings of five million dollars gross only to pay all the expenses and the six per cent. dividends of the federal reserve banks—five millions gross. The gross earnings of the national banks last year were \$527,000,000, and do you think the necessity of earning five millions is going to injure banks which are already earning \$527,000,000 a year? You would certainly have as much more with the state banks. You would have practically a billion dollars a year, competing with a petty sum of five millions a year.

If the federal reserve bank in each reserve city were given absolute power to compete with the member banks, as if it were already a national bank, the competition would not amount to more

than one-half the average earnings of the average national bank in the city where the federal reserve bank is established. It would be equivalent to the formation of one new national bank in each federal reserve city whose gross earnings were just half as large as the average earnings of every other national bank in that city. I think you can thus see how small a point is this plea of competition.

The Federal Reserve Board has suggested from time to time amendments to the act, and I assure you we are very grateful for what this Association has proposed in the resolution you have passed this morning. Your recommendation will be material help to us, because it is a voice from the great business masses of the United States, and I think Congress will be glad to hear that voice. I will make the prediction to-day that Congress will be glad to listen and act favorably. (Applause.)

One more word I would have on the clearing question, because you are all interested and it is the duty of this great body—and I know you have already done it—to take up that question, as well as fixing trade acceptances throughout the United States, because both will be of the greatest help to business throughout the country, and they both will mean lower rates of credit to the people of the United States.

I have no hesitation in speaking here on these subjects. I have addressed conventions of bankers where they did not agree with me. The other day I talked to a banker who asked me what I was going to say before a certain body I was to address. I told him and he said, "Oh, I would not talk on that. I could not agree with you on that." "Well," I said, "that is what I am going to talk about." He said, "Oh, you must not mention that, because they are all against it."

Finally I said "You remind me of a story I heard in Washington of a Congressman from a northern state who felt he must make a tariff speech and he retained one of those men who write speeches in Washington—and do it well, too—to write it for him. On the night before the speech, he wanted to go over it. The man talked on the various industries, capital, resources of the country, the necessity of cutting down duties, of increasing competition, and of lowering excessive rates. This Congressman said, 'Cut that out. That is one of our principal industries.' He went on—'Cut that and cut that'—and finally there was nothing left in this speech except the duty on oranges, and it is said this Congressman made a passionate plea about the duty on oranges, and he was frightened to death because he thought some of his constituents might be engaged in the orange business."

So I told my friend that I was going to talk about clearing and I did not want to talk about anything else but clearing. They might disagree with me, but that is the point of it. There is no satisfaction in talking an hour to men who nod their heads and agree with all you say.

I confess our whole subject is most important and in some ways most mysterious. I tried to follow out the peregrinations of imaginary checks from the time they were sent from the bank to the time they got back to the bank, and I found they would go north and south and east and west. I found that it often happened

that a check would pass through a town and then go to another town and then to another before it came back to the home bank. I confess it puzzled me so much that I thought it reminded me very much of the attempt of an old clergyman to define the five points of religion. He said: "You get religion and when you get it you do not want it. If you know you have it, you haven't got it. When you get it, you can't lose it, and if you lose it, my brethren, you never had it."



D. A. LANDRESS Trotter Bros., Chattanooga, Tenn. Director

But I want to say just a word on this subject of clearing. In the first place, we believe it is to the advantage of the people of the United States to par checks throughout the whole United States. We have established a system that is not mandatory. No bank is obliged to deposit a single item with its federal reserve bank. We simply offer the machinery if the bank wishes to deposit items. Those items must be paid by the member bank at which drawn at

par, and it cannot deduct exchange charges in the future as in the

past.

Those exchange charges are based on the theory that a bank renders a service and that it is entitled to some compensation for it, but the answer is that in ninety per cent. of the cases it does not cost the bank one cent, although it charges a liberal exchange charge. Banks, in the great fraction of cases, pay their checks by other items which they send to offset items drawn on them. They say a bank is only bound to pay its checks over its own counter. That is true, but what does it pay over its own counter? In the vast majority of instances it offsets the payments by presenting and sending other items, but if it does pay over its own counter, it has to pay in cash, and how many banks could to-day do an entirely cash business if all their checks were presented to them for payment in cash? They would have to have a special express company to ship money from other parts of the United States to accomplish such a thing.

We are most considerate with the banks. We provide that when a check is given to the bank, that check is sent to the bank on which it is drawn and that bank has an opportunity to pay it before it is deducted from the reserve account. It can pay it by sending other items on any banks in the United States. It can pay it by sending federal reserve bank notes. It can pay it by sending cash, and if it sends cash, the federal reserve bank will pay all express charges on that money. We feel that is liberal. We could have gone much further, but we desired to help the people of the United

States, to help business and the banks.

Undoubtedly, some of the small banks may suffer for a while by losing these exchange charges. The larger banks, the average banks—and that is the test—are going to gain immensely. Why? because reserve balances in a year after that will not count as reserves. The federal reserve banks will take charge of reserves and those balances will be released. And where will they go? They will come home to the banks that now have them in New York and other parts of the country, and those banks will have that money to loan right at home to their own people at five or six per cent. as against the two per cent. they now get.

In addition to that, large merchants to-day have to keep accounts all over the United States because their checks are not par. Under this clearing system, a merchant can concentrate his accounts in his home town or city with a certainty that a check sent out from that home town or city on that home bank will pass at

par throughout the whole United States.

In addition to that, the people, the consumers of the United States, can get their goods cheaper because to-day they have to pay a higher price from the very fact that the checks they give are not parred through the United States, and without knowing it

they are paying the whole cost of this system.

The reason for the new system is business efficiency. That is what this great organization stands for and is working for. It is what the Federal Reserve Board is trying to bring about in establishing the parring of checks throughout the United States. Undoubtedly, at first somebody will be hurt, but in the long run we are

all going to be benefited by the growth of business, by the growth of deposits in the home banks, and you will see an "Old Home Week" of deposits coming back after their long sojourn over the whole United States and there they will stay, and the checks put out against them will be parred in every part of the United States.

As I have said, some may suffer a slight injury at first, but, my friends, you will remember when iron was made almost exclusively with wood and charcoal and then a new process was invented, that did not run charcoal out of business. When labor-saving machinery was put into operation and by the wonderful progress of machinery, one man could do twenty men's work, that did not cut down the amount of labor employed because every one of the other nineteen is doing twenty men's work and the cost of production has marvelously decreased.

The average banks will gain instantly by this system. The small banks may lose a small exchange charge, but that will be quickly absorbed in the long run. They are all going to gain with the

prosperity of the whole United States.

I am reminded by my address of a certain railroad in New England called the Boston, Barre & Gardner Railroad. The peculiarity of that railroad was that although it was called the Boston, Barre & Gardner Railroad, it did not begin at Boston, it did not go through Barre, and it did not reach Gardner. In my speech I have passed by some of the most important things I wanted to say to you. I did not begin at Boston, but the anxious look on your president's face assures me that, unlike that railroad, I have reached my terminus, Gardner. I thank you. (Applause.)

(Adjourned.)

Third Day, Thursday, June 15, 1916

AFTERNOON SESSION

The afternoon session of the third day of the convention was called to order by the second vice-president, F. B. McComas, Los Angeles.

MR. McComas.—The first order of business will be the report of the Committee on Fire Insurance, presented by W. F. Courtney,

of Denver, Chairman.

REPORT OF COMMITTEE ON FIRE INSURANCE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

The interest of the Association in matters relating to fire insurance has passed out of the initial stage when, as an association, we were feeling about to discover the most suitable approach, and has settled down to effective work, largely of a fire prevention nature.

Our fire losses in this country continue to be immense, so that

a superficial view would probably lead one to conclude that our efforts, joined with those of our sister organization, the National Fire Protection Association, as well as other business bodies, all amount to nothing, but one with deeper insight realizes that we have made great strides in the last half-dozen years or so in bringing a different mental attitude toward our fire waste, in that we are now recognizing that waste, in the first place, is positive and absolute



W. F. COURTNEY Armour & Company, Denver, Col. Chairman Fire Insurance Committee

and represents a destruction and removal forever of so much of the stock of wealth, and again, in another important particular great mental progress has been made in that men are not, as heretofore, viewing fires as necessary evils, acts of God so to speak, that we are bound to have about so many of them yearly, but are quite generally recognizing that by the application of scientific methods and common sense, fires can be prevented to a degree which will reduce the fire losses in large figures. If it be really true that these ideas are now established in men's minds, we must admit that there is good and sufficient basis for the expectation of a more satisfactory

fire loss record in this country in the years to come.

There are some who may feel that the fire prevention work of the Fire Insurance Committee does not fit into the scheme of the National Association of Credit Men, but belongs strictly to civic betterment bodies. We admit that the committee's work has developed in a direction not originally contemplated, yet we ask for the sake of argument that the prevention movement for which we have become one of the principal spokesmen be considered from the viewpoint alone of a movement for lower insurance rates. Now, rates mean more insurance and better protection of our own and our customers' property, as also the reduction of the conflagration hazard which imposes heavy burdens upon credit, all of which means that a credit men's association is not going far afield in working for better fire prevention conditions in our cities.

Early in the year your committee forwarded to each local association a program of definite prevention work which it felt was applicable to every local association center and well within the powers of local fire insurance committees to undertake. The

committee asked every local association:

(1) To study their local building ordinances and means of enforcement.

(2) To study the provisions for storage of inflam-

mables and explosives, and means of enforcement.

(3) To start a movement to make the fire department not only one of extinguishment but one of prevention, by using the firemen as inspectors against unusual and unnecessary hazards and for educational service against unnecessary fires.

(4) To urge through the press and by establishing "Clean-up Days" that war be waged against accumulations

of inflammable waste.

(5) To join with the National Fire Protection Association in advancing the bill suggested by that organization, to assess upon the offender the cost of the services of the fire department in extinguishing a fire resulting from non-compliance with law or fire prevention ordinancesin other words, a bill to extend the common law principle that man is liable for damage resulting from his own carelessness so that it shall cover fire loss, being, in fact, the principle of a law passed in Pennsylvania in 1915, applicable to cities of the second class, which requires that persons, firms or corporations shall pay cost of extinguishing fires on their premises where it is shown that the fire was caused by criminal intent, wilful negligence or failure to comply with laws or ordinances for the prevention of fire, the director of public safety determining the expense by charging a rental for the fire apparatus, for the cost of water used, the time of the firemen, the wear and tear on fire apparatus, with 10 per cent. added.

(6) To discuss with local mercantile agency commit-

tees and with local representatives of mercantile agencies the advisability of reflecting in agency reports the attention or lack of attention to fire protection and fire hazard conditions.

(7) To consider the advisability of introducing in each local association the "Bristol Plan" for cooperation with a debtor who has suffered fire loss, under this plan the creditors securing an assignment of the insurance policies from the debtor who has suffered a loss, and arrange with the companies for a fair adjustment, which, from their vantage point and because of their superior experience, they can handle more favorably than can the debtor.

Again, to arrange for at least one local association meeting during the year which shall be devoted to the subject of fire insurance and protection, and, in fact, become a sort of civic meeting in which the city government is asked to join.

To show how well one of the local committees met these suggestions, and to indicate what a field of interest and opportunity to serve is presented a local fire insurance committee, portions of a report made by Chairman Jamieson of the Fire Insurance Committee of the Portland association are embodied in this report, as follows:

Mr. Jamieson says that not a week has passed in which the committee has not done work falling specifically within the field of the committee. The busiest week was that of October 9 in preparing for "Fire Prevention Day." After the governor had issued his proclamation naming the date, the committee wrote him, thanking him for his interest, and then addressed a communication to the mayor, calling attention to the governor's proclamation and asking him likewise to proclaim the day for the city of Portland. This he did, appointing a committee of seventy-five to cooperate with the governor in making "Fire Prevention Day" the greatest clean-up day in the history of the state.

Mr. Jamieson further reports that the committee got in touch with the superintendent of schools with a view to getting publicity for fire prevention work in the schools of the city, and also in touch with the secretary of the Chamber of Commerce, who took charge of the publicity work through the press. A parade was arranged for the day through the efforts of the Fire Underwriters' Inspection Bureau and the fire marshal of the city. It was a representative parade, with several pieces of fire apparatus, a large number of school children and several business organizations, notably the Credit Men's Association, taking part. Addresses were made by two members of the Portland association at a luncheon given by the Chamber of Commerce to the firemen of the city. The association also aided in the publicity work in the daily papers, running

slides in ten moving-picture houses, calling attention to clean-up day and requesting the merchants to run specials in their advertising columns on the subject of ash cans, fire extinguishers, safety matches, etc. The committee also gave careful attention to the advisability of attempting to secure for Portland such an ordinance as had been passed at Cleveland, Ohio, making a negligent person liable for any fire damage resulting directly or indirectly from any omission or neglect to comply with the written order of the fire marshal. The committee also was active in an endeavor to secure a better rating for the city from the Underwriters' Rating Bureau. Mr. Jamieson's committee further arranged a most successful meeting devoted to its subject, addressed by the chief of the fire department, the fire marshal of Portland, a representative of the United States forestry service, the superintendent of schools and the fire insurance commissioner of the state.

Again, Mr. Jamieson's committee, at the time of reporting, was working on what seemed to it an unjust charge by the city of Portland for supplying water through service pipes in buildings equipped with necessary apparatus for fighting fires, and, again, was mapping out a campaign to secure a fire marshal law for the state of

Oregon.

The association was largely instrumental in securing the cooperative effort of the authorities of the state in securing systematic instruction in fire prevention in the public schools, following lessons prepared by the state superintendent of public instruction, and, again, through the fire press bulletins issued by the state insurance commissioner, covering causes of preventable fires.

In passing it is fair to pay tribute to that member from Portland to whom so much credit is due for the present state of wideawakeness upon fire matters in Oregon, E. M. Underwood, who early saw the need of the sort of work which the Fire Insurance Committee has been urging year after year. Mr. Underwood has helped the entire Association greatly to broaden this department.

We have set out very fully our work in the Pacific Northwest in this branch of the Association's work, but we would not thereby imply that most commendable efforts had not elsewhere been made. Several associations, notably those of Minnesota and the Kansas City organization, have been sending out through their members to customers all over the north-middle states hints and suggestions on fire insurance protection and prevention, and Cincinnati has given effect to the state law calling for public school instruction in fire prevention, that association discovering that this part of the curriculum, though called for by state law, was being neglected. The fact is that nearly all of the associations have devoted one meeting of the year to the subject of the fire insurance committee and helped in making clean-up campaigns and publicity work successful.

If it were not for the fact that the ordinary dwelling house has proved again and again a conflagration-breeder, this class of risk would not fall within the purview of the Fire Insurance Committee of our Association; but in nearly all the conflagrations of late years it has been found that the great feeder of conflagration is the ordinary dwelling house, largely because of the construction of its roof. So serious was the part played by the shingled-roof dwelling in the conflagrations of the early spring in Paris, Texas; Nashville, Tenn., and Augusta, Ga., that your committee feels that it is of the highest importance that the committee of the next year take cognizance of the dwelling-house hazard, and join with the National Board of Fire Underwriters and National Fire Protection Association in securing the adoption in various cities of the country of a new code for the construction and fire protection of dwelling houses, particularly as applying to the untreated shingled roof. Quite a number of the cities of the country have enacted ordinances requiring the use of fire-resisting roofings within the city limits, but the majority of them are those cities which, because of the visitation of the fire fiend, have been made to recognize the necessity. It surely ought not to be necessary for the other cities of the country to be impressed in the same way with the hazard of the untreated shingled roof.

Your committee endeavored to assist the business interests of the state of South Carolina in solving the serious problems imposed upon them by reason of the enactment of legislation so burdensome and unreasonable as to cause a majority of the insurance companies doing business in that state to withdraw. The committee, however, found that the state did not present a fruitful field for its endeavors. for it started on the presumption that the business and insurance interests of the state would rise up as they did in Missouri and Kentucky under like circumstances and demand the abrogation of unscientific, burdensome insurance laws. It seemed to be impossible, however, to get such a movement under way in South Carolina, though your committee urged upon the Columbia and Greenville local associations that they take the leadership with a view to crystallizing the best business thought of the state upon the subject. It apparently seemed, however, to business interests best to let matters drift along without leadership, so that your committee was forced to withdraw its proffer of assistance.

Finally, the following resolutions are offered:

"Resolved, That we here reaffirm the resolutions adopted at previous conventions calling for the appointment by our local associations of fire insurance committees, it being the conviction of this Association that the credit men of the country should carry on systematically, and as a regular part of association work, the study of conditions in their respective communities with reference to the fire hazard, and interest themselves in the improving of building codes and regulations in their cities, demand such protective agencies as fire department inspection, endeavor to arouse public opinion to the end that fire marshal and department orders for changes looking to the lessening of hazards shall be promptly heeded, endeavor to educate members and business men generally in the matter of providing themselves in plant and home with that which will

extinguish incipient fires, and, finally, establish that orderliness and freedom from accumulations of filth and rubbish which so frequently become the seat of fire.

II

"Resolved, That the incoming Committee on Fire Insurance be asked by this convention to give special attention to the conflagration hazard of the untreated wooden shingle, as also to the part the ordinary frame dwelling within the limits of our cities has played in feeding the fire fiend, and work in cooperation with technical and general business organizations for the improvement of the conflagration hazard in the two respects named.

III

"Resolved, That the Association continue to stress the necessity of bringing about a better understanding between the public and fire insurance companies to the end that there be established a basis of cordial cooperation between them in bringing about proper regulation of fire insurance companies, as also in developing general interest in fire prevention, and, further, that every effort be made to prevent the enactment of laws which impose an unfair and uneconomic burden upon companies, tending thereby to restrict the supply of sound insurance."

Respectfully submitted,

W. F. COURTNEY, Chairman, Denver, Colo.
A. E. MATHEWS, Denver, Colo.
Donald Reid, Denver, Colo.
J. D. Faucette, Vice-Chairman, Bristol, Va.-Tenn.
E. M. Woolsey, Bristol, Va.-Tenn.
J. O. Simpkiss, Bristol, Va.-Tenn.
D. Fairchild Wheeler, Bridgeport, Conn.
John Taylor, Bridgeport, Conn.
J. A. Jamieson, Vice-Chairman, Portland, Ore.
Charles F. Patton, Portland, Ore.
Frank C. Moore, Portland, Ore.
M. W. Jacobi, Vice-Chairman, Wilmington, N. C.
H. L. Hunt, Wilmington, N. C.

Mr. Courtney moved the adoption of the report. Mr. Paine, of Memphis, seconded the motion and it was carried without discussion.

CHAIRMAN McComas.—The next order of business is the report of the Committee on Business Literature, by Robert H. Gay, of San Francisco, chairman.

REPORT OF COMMITTEE ON BUSINESS LITERATURE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Through its communications and literature the world gets, if not at once, at least presently, the measure of an association or concern.

Undoubtedly it is largely because this important truth has been heeded that our Association has grown so rapidly and become one of the most influential institutions in American business to-day, a source of pride to our profession.

The Association has a great educational, inspirational and yet highly practical work to perform, and these elements or characteristics must in all sincerity pervade every piece of literature which



R. H. GAY
American Can Company, San Francisco, Cal.
Director and Chairman Business Literature Committee

emanates from the Association so that our members may be imbued with those purposes and aspirations which will lead them to perform well their every-day routine work and meet their difficult problems with an equipment that simplifies the doing of the right and the intelligent thing. That is what our Association ought to accomplish and those who are close to the National Association of Credit Men know well that through its literature and communications the Asso-

ciation is equipping men every day for better service than they would

or could perform but for its help.

Much attention has been given during the year to the strengthening of the 'Bulletin" that it might become a standard magazine upon the subject of credits and closely related questions. It was felt that the "Bulletin" should not be merely an organ of the National Association of Credit Men, but the best periodical upon our subject that we had the ability to prepare; and while it falls far short of our highest wishes, your committee feels that the "Bulletin" is perceptibly reaching toward the high mark set.

The manifold activities and interests which now center in our great organization have been forcing the problem of a fair presentation thereof in the "Bulletin" because our space is limited, especially so right now because of the unparalleled advance in the cost of all that goes to make up a magazine. Again and again it has been found necessary to omit material planned for this issue or that because of lack of space, though that which must be omitted was in no way less

worthy of "Bulletin" space than that which was included.

Naturally a period such as we are now passing through is productive of more than the usual amount of literature. Novel questions bearing directly and indirectly upon credits are all the while arising as the European war passes from one phase to another, and upon these questions credit men should have an opinion and the "Bulletin"

has wishes to help in framing correct opinions.

Again, the pages of the "Bulletin" reflect the tremendous interest credit men have in the development of the federal reserve act, and, again in the development of foreign trade; further, they reflect that growing desire which leaders in credit have for a deeper and more intelligent understanding of the national bankruptcy law and especially in the share that law has or may have in the elimination of bankruptcy abuses and fraud. These interests of great moment to credit men present themselves in an immense number of ways which, as they arise, the "Bulletin" desires to do its very best to set forth.

During the year the "Bulletin" has appeared several times in two sections, the main feature of the second section being the presentation of trade conditions and prospects for various parts of the country written by leading local members. It has been the committee's endeavor to present this class of information a little more comprehensively than has heretofore been attempted, and the question arose whether to do so through special leaflets or through the "Bulletin." The latter method was finally given the preference because it was felt that all the membership would be more satisfactorily and economically reached through the presentation of this valuable material in the "Bulletin" than otherwise. While this matter may not be as valuable now as later because of almost universal briskness of transportation, trade and manufacture, these conditions will not always prevail, and local conditions will need to be known for the safe checking of credits. This department of the "Bulletin." therefore. should undoubtedly be continued.

There is a problem connected with the presentation each month of the names of new members received into the Association. These names, together with other matter pertaining to membership, consume a large fraction of the "Bulletin" space even though the names

are presented, as they have been of late, in six-point instead of tenpoint type. The problem presented by reason of space consumed by these lists may well have the attention of the incoming committee and the board.

As has been previously called to the attention of this convention. a more liberal policy than had heretofore prevailed of distributing special leaflet literature from the National office was adopted early during the year, especially literature pertaining to the bankruptcy law and trade acceptances. The expense of such distribution is not, we believe, to be considered seriously in view of the great educational value growing out of the wide distribution of such literature.

The committee has specialized this year on newspaper publicity and its efforts have not been without avail. Though it would not be possible to state with any show of definiteness the comparative increase in space allotted during the past year by newspapers throughout the country to the work of the National Association of Credit Men in all its branches and departments, your committee does not hesitate to say that there has been a marked increase in the intelligent and cordial attention to our work by the press. It appears that wherever the attempt was made by our local associations to get press publicity there was practically no difficulty, which but goes to show that contrary to common opinion the press gladly publishes matter of solid business worth. It was found that the help of newspapers was available for well-organized membership campaigns, some one issue perhaps giving a page or large fraction of a page, accompanied with pictures of local association leaders, to an historical sketch and an outline of achievements and purposes of the association. This is necessary work if our Association is to attract proper attention and gain its rightful place in the minds of people. It is work of high order and should be consistently pursued by every local association till there is not a man, woman or child in our local association centers to whom the name of the Association is not familiar and has not a very definite idea of our work. Credit conditions in our communities will be more wholesome for this knowledge of the Association.

The development of local association literature has proceeded apace during the year and the thanks of the convention should go to every local business literature or publicity committee which has entered faithfully into this important and undoubtedly difficult work, for there can be no question that it is hard for business men to turn aside from their regular tasks, which require their very best thought, for the purpose of preparing matter which will be worthy of presenting in one of the monthly letters or bulletins to their fellow local members. It means genuine loyalty to the Association and its ideals to do this. Hard as it is, however, to prepare regularly these local bulletins and letters, the work must go on, for they have been a factor of incalculable importance in the upbuilding of our great

Association.

Besides the bankruptcy law and trade acceptance literature presented this year in leaflet form, mention should be made of the series of bulk sales leaflets issued serially for the various states, setting out in each case, first the statute and then the status of the law as developed by court interpretation. This literature is most valuable

and has been in great demand.

The "First of the Month Letter" of the National Association has lost none of its interest, the demand for it having greatly increased during the year, until it has really become a problem to handle the letter with promptitude in the National office. Eight thousand five hundred letters are issued and distributed each month.

The Credit Man's Diary, as has been pointed out in the previous reports of the Business Literature Committee, has become an essential in the work of the Association. The incoming committee will undoubtedly continue to endeavor to make this volume absolutely

indispensable to credit grantors wherever located.

Finally, the statistics of the "Bulletin" for the year past are given, as they regularly are from year to year, as follows: 258,145 copies were distributed, showing an increase of 17,145 copies as compared with 1914-1915, and an increase of 29,845 copies as compared with the year 1913-1914.

In conclusion your committee offers the following resolutions:

I

"Resolved, That the National Association of Credit Men recognizes that the highest development of the "Bulletin" as a standard magazine upon credits and allied subjects, and as an agency that shall broaden and strengthen the credit man's position in the business economy, is of great importance, and it is the sense of this convention that every reasonable facility and advantage be given to the developing and perfecting of this instrumentality of the Association to the end that it may carry that full influence which the Association's facilities permit.

II

"Resolved, That efforts to gain for the Association, its branches and departments increasing attention in newspaper print shall here be given fullest recognition and endorsement; that we now determine to pursue still more earnestly these efforts as a fixed policy throughout the states in which our members are domiciled, until the name and purposes of the Association are thoroughly understood and, on the part of the press, there shall be a clear and sympathetic understanding of our work.

III

"Resolved, That this convention takes particular notice of the remarkable development of the publicity and business literature features of our local associations, which have been factors of incalculable importance in extending the influence and increasing the membership of the Association in every part of the country, and that we here and now extend to those devoted members who have made themselves responsible for this class of work, expressions of sincerest appreciation, and further urge upon local association administrations that the publicity and business literature features

of these locals and the National Association be constantly emphasized and given full endorsement and every aid."

Respectfully submitted.

ROBT. H. GAY, Chairman, San Francisco, Cal. C. T. Hughes, San Francisco, Cal. CLARENCE E. BAEN, San Francisco, Cal. FRANK BENTLEY, Vice-Chairman, Tampa, Fla. W. W. TRICE, Tampa, Fla. G. NORMAN BAUGHMAN, Tampa, Fla. F. L. ODELL, Vice-Chairman, Providence, R. I. GEORGE BRIGGS, JR., Providence, R. I. FREDERICK S. SIBLEY, Providence, R. I. W. P. Brenner, Vice-Chairman, Green Bay, Wis. WILLIAM C. GRIMMER, Green Bay, Wis. E. J. McCarthy, Escanaba, Mich. JOHN OFFUTT, Vice-Chairman, New Castle, Pa. W. F. Moody, New Castle, Pa.

Mr. Gay moved the adoption of the report. His motion was seconded by Mr. Sheffey, of Lynchburg.

CHAIRMAN McComas.—Is there anything to be said on this subject? We have plenty of time. We are running ahead of schedule, so do not hesitate to talk.

Mr. Wright, Seattle.—In connection with this business literature publicity, at Seattle during the past year we engaged the assistance of the local papers in the handling of our university extension course in credits and collections. One of the local papers printed the articles as prepared by the credit men and they appeared in each Monday morning's issue. The result was a sort of correspondence course for the merchants and those interested in the extension of credits, and an opportunity to get the information firsthand from the credit men of the Northwest. We have enjoyed the full cooperation of this great newspaper there, its editors believing that it is good business to print the literature of the National Association and our local association, and we have found that there is no lack of willingness on their part to give us all the space we need.

MR. PAINE, Memphis.-In reference to the presentation of trade conditions in the "Bulletin" each month, it seems to me that that is a matter which must be handled very carefully. A few months ago there appeared in the "Bulletin" an article on the boll weevil in the South. That is a past issue. We have found the boll weevil to be in most respects a real blessing in disguise. Therefore I suggest that we be very careful in the presentation of these facts,

lest they give false impressions.

Mr. Underwood, Portland.—I would like to call the attention of the members to the "Portland Weekly Bulletin." We feel it represents one of the most important departments we have towards keeping the members interested and together. They look for an issue every Friday and it is one of the essential features of the work. I think every association should get such a publication out, for it helps so greatly the work of an association.

The motion to adopt the report was carried without further discussion.

CHAIRMAN McComas.—We will pass to the report of the Committee on Business Meetings, by James L. Wick, of Youngstown, chairman.

REPORT OF SPECIAL COMMITTEE ON BUSINESS MEETINGS

To the Officers and Members of the National Association of Credi: Men:

GENTLEMEN:

Your Special Committee on Business Meetings is in a position to report an increased interest in the business meetings of local associations.

There have developed in recent years organizations of local and national scope whose activities were centered largely in luncheon and evening meetings; and the increased demand upon the time of the business man has brought in a form of competition to the business meetings of our associations which has made difficult the main-

tenance of well-attended gatherings.

Your committee believes sincerely that the business meeting is one of the most valuable features of the association's work, for through it is made possible the touch of credit men with one another, and a consideration of subjects bearing upon credit work, giving the meetings a practical value as sources of information and education.

It is discernible, upon close study, that the associations maintaining their business meetings at a high standard of interest and attendance are having success in other departments of association work as well, while the neglect of the business meeting is generally reflected in an apathy toward other departments of the work.

Your committee, therefore, recommends to each local association the devotion of sufficient time and effort to the holding at proper periods of interesting and well-attended business meetings. This will not come by mere chance. It will result alone from the making of a strong effort and the working out of systematic and intelligent plans.

It is the impression of your committee that the business meetings of this year generally were more largely attended and of a more interesting character than were the meetings of previous years; and

yet a proper and reasonable standard has not been reached.

It has also been noticeable to your committee that in the business meetings of local associations, whether held at the luncheon hour or at an evening hour, there was a strong inclination toward the selection of business subjects, and a provision for a general discussion of these subjects. It has not, therefore, been necessary to recommend subjects to the extent that they were recommended by former committees, and its efforts were more largely devoted to a study of the entire field, and to the ascertaining of local impressions as to what constituted the most attractive and interesting meeting.

Your committee found a preponderance of opinion toward the selection of business subjects for business meetings. Great care should, however, be exercised in the selection of the subjects, and at each meeting some time should be allotted for a general discussion of one or two subjects, and in providing for this discussion, leaders should be selected in advance of the meeting.

The addresses and the discussions should be reasonably brief,



JAMES L. WICK, JR.
Crystal Ice & Storage Co., Youngstown, Ohio
Chairman Business Meetings Committee

and of a character that will win the attention and arouse the thought of credit men.

Your committee believes that it is very desirable to perpetuate the Special Committee on Business Meetings, not only that it may recommend to local associations desirable and interesting subjects, but that further study may be made of this department and recommendations offered that will bring our business meetings to the proper standards of interest, enthusiasm and attendance.

It is not unreasonable, in the opinion of your committee, that the business meetings of a local association of credit men should attract an attendance of at least one-half of the organization's membership. This proportion would not control as a general rule at present, though reports indicate that the average attendance for the current year had distinctly improved.

It will not be necessary for your Committee to enumerate in this report the various subjects recommended to local associations for business meetings, though our selections were adopted in many instances, and added to the material accumulated in this department.

In conclusion, your committee begs to offer the following reso-

lutions:

I

"Resolved, That the Special Committee on Business Meetings shall be continued, and that it receive all the aid, advice and assistance necessary for a proper and effective conduct of its work.

II

"Resolved, That local associations of credit men be urged to devote careful thought and consideration to their business meetings, whether held at the luncheon hour or at an evening hour, and that every effort be exercised to have such meetings of an interesting and instructive character, and attended by a proper and reasonable proportion of the membership.

III

"Resolved, That the National office, within its very best facilities and powers, cooperate with and assist local associations in providing for this department of their work on effective lines, and be prepared to recommend desirable and available speakers, and other material that enters into the conduct of a successful and interesting business meeting."

Respectfully submitted,

JAMES L. WICK, JR., Chairman, Youngstown, Ohio. J. J. Brant, Youngstown, Ohio.

J. Howard Edwards, Youngstown, Ohio.

W. E. BARKLEY, Vice-Chairman, Lincoln, Neb.

GEO. O. SMITH, JR., Lincoln, Neb.

H. H. BAEKE, Lincoln, Neb.

H. C. Cornelius, Vice-Chairman, Grand Rapids, Mich.

F. A. HARVEY, Grand Rapids, Mich.

T. J. BARKER, Grand Rapids, Mich.

W. T. Wallis, Vice-Chairman, Clarksburg, W. Va.

BERT EVANS, Clarksburg, W. Va.

KARL A. Holy, Clarksburg, W. Va.

Mr. Wick read the report and moved its adoption. The motion was seconded by Mr. Cornelius, of Grand Rapids, and was carried without discussion.

CHAIRMAN McComas.—Next is the report of the Committee on Commercial Ethics, by Mr. Brentano, of Evansville. Mr. Brentano will read the report in place of Charles Bohannon, of Evansville, Ind., chairman.

REPORT OF SPECIAL COMMITTEE ON COMMERCIAL ETHICS

To the Officers and Directors of the National Association of Credit Men:

GENTLEMEN:

Your Special Committee on Commercial Ethics has been led this year to add but one Canon of Commercial Ethics, known as No. 8, to those adopted and promulgated by former committees.

While the effect of canons of commercial ethics upon commercial standards and practices cannot be measured accurately, yet, in the opinion of your committee, it is indisputable that the fixing of certain forms of practice and procedure in the business relations of man with man is effective and should not be neglected or diminished merely because the results are not measurable.

The wideness of our geographical area, the divergencies in temperament and disposition of our merchants have bred a lack of cohesion in the credit relation and laxities in practice, to which much of our bad-debt waste must be charged.

While the building up of a series of canons of commercial ethics should be by slow process and nothing of the nature promulgated until a recognized evil calls for moral treatment as well as physical control, yet it is desirable to perpetuate the committee as a department of the National Association of Credit Men.

The various units comprising the Special Committee on Commercial Ethics, after a thorough study, adopted unanimously the following canon, already set out in the April issue of the "Bulletin":

"The stability of commerce and credits rests upon honorable methods and practices of business men in their relations with one another, and it is improper for one creditor to obtain or seek to obtain a preference over other creditors of equal standing from the estate of an insolvent debtor, for in so doing they take, or endeavor to take, more than their just proportion of the estate and therefore what properly belongs to others."

The value and application of this canon will be discerned without an extensive explanation offered in this report. Nothing within the practices of credit departments has contributed so much to the disorder and waste attending the administration of insolvent estates as the appetite for preferences, and it should be recognized that cooperation is the touchstone of economy in the conversion of an insolvent debtor's estate and a ratable distribution to the creditors of equal standing.

Should we be permitted to burn this canon deeply into the convictions of credit men, revelations would occur as to the waste we have been responsible for making and we would have reached a new period characterized by science and economy in the treatment of insolvent and involved estates.

With this expression of opinion from your committee upon the value and desirability of the canon adopted and recommended by it



CHARLES BOHANNON Hercules Buggy Company, Evansville, Ind. Chairman Committee on Commercial Ethics

during the current year, this brief report will be closed with the

following resolution:

"Resolved, By the National Association of Credit Men in convention assembled that the Department of Commercial Ethics is worthy of perpetuation, as having a distinct place in the raising of proper commercial standards; and that the eighth canon of commercial ethics recommended and adopted in the present report is

worthy of confirmation as expressing the correct principle and practice for all credit departments.

> Respectfully submitted, CHAS. BOHANNON, Chairman, Evansville, Ind. SIDNEY L. ICHENHAUSER, Evansville, Ind. JOHN A. McCallan, Evansville, Ind. W. N. EBERHARD, Vice-Chairman, Allentown, Pa. WM. J. MOESSNER, Allentown, Pa. T. A. MELLON, Easton, Pa. JOHN McClellan, Vice-Chairman, Houston, Tex. ABE BODENHEIMER, Houston, Tex. A. L. DINGLE, Houston, Tex. Louis Schriber, Vice-Chairman, Oshkosh, Wis. STEVEN RADFORD, JR., Oshkosh, Wis.

O. T. WAITE, Oshkosh, Wis. Mr. Brentano read the report and moved its adoption. The motion was seconded by Mr. Teaf, of Philadelphia, and carried without discussion.

CHAIRMAN McComas.—We will now hear the report of the

Committee on the Amendment of Exemption Laws.

SECRETARY TREGOE.—Mr. Groover, of Jacksonville, could not attend and we had hopes that Mr. Salter, who is one of the vicechairmen, would read the report, but I will endeavor to do it.

REPORT OF COMMITTEE ON THE AMENDMENT OF EXEMPTION LAWS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Special Committee on the Amendment of Exemption Laws can report no modifications or amendments as having occurred during the past year, but there were discernible significant tendencies which should be encouraged, for they are likely to prove influential in correcting the unfairness of some of the existing exemption laws and of the exemption allowances embodied in state constitutions.

The subject is very intricate, and perhaps has not received that degree of study and treatment that would assure headway. In the minds of many credit grantors the subject is not at all clear, being simply considered when bankruptcies or insolvencies occur and assets of a business are applied to the satisfaction of personal exemptions.

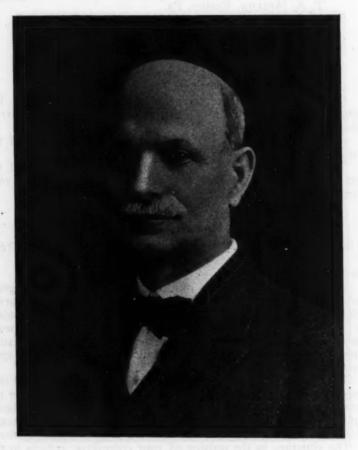
The situation, in the opinion of your committee, reflects in the very gravest manner the undisputed tendency among commercial credit grantors to neglect a feature of the credit machinery so very significant and unfair as exemption allowances; and were the effort expended in complaints, directed in the channel of rectification, we could probably make progress and bring our states into a closer degree of uniformity as regards protection to their citizens by allowing a certain sum or certain things in the event of their insolvency

One of the difficult features of this question is that exemption allowance in some states is by constitution and not by statute, thus necessitating legislative action first, then a referendum to the citizen-

ship endowed with voting powers.

Your committee believes very earnestly that this subject should receive a larger share of the Association's interest and efforts than has obtained in former years, and that it should be considered in conferences of credit men, at the conventions of the Association, and at meetings of the officers and directors of the National Association.

The summing up of your committee's results for the year will be brief.



F. C. GROOVER Groover-Stewart Drug Co., Jacksonville, Fla. Chairman Committee on Exemption Laws

The Montgomery unit of the committee, F. G. Salter, chairman, prepared, at the request of the National office, a most excellent brief on the exemption allowances of Alabama, Mississippi, Louisiana and Texas, touching incidentally upon the disposition that may be made of the proceeds of life insurance policies, even though the premiums on the policies were paid from the proceeds of the sale of merchandise, which merchandise was unpaid for.

This brief was highly illuminating, and revealed conditions, especially in Alabama, that ought to receive very careful consideration, to the end that a better condition of affairs be brought about. It would appear from the advices of this committee that the credit grantors of these states are just as anxious that their exemption allowances be amended and brought within reasonable terms as are the grantors of credit to these states residing in other states, and this disposition should assist materially in bringing about eventually the modification of these allowances.

No one can consider analytically the exemption allowances of Texas, Alabama and Florida without recognizing that the purposes intended to be conserved through them no longer exist, and that they are simply encouraging dishonesty and reflecting upon the

credit standards of the states named.

There is a strong disposition among certain members of the Association in Augusta, Atlanta and Savannah to procure a modification of the exemption allowances of Georgia, and this disposition

should be recognized and encouraged.

In other parts of the nation nothing significant occurred, though in some of the states the burden of exemption allowances is felt, due to the manner in which the exemptions are allowed, for illustration, Indiana, where a copartnership of two or more might dissolve and each partner take \$600 of the partnership assets as personal exemptions. An ordinary stock of merchandise would not go very far to satisfy claims of this character. And the unfairness and real dishonesty of the situation is that merchants are allowed to claim exemptions out of assets for which no equivalent has been given. This is contrary to sound commercial standards, in the opinion of your committee, and will be felt in the credit machinery so long as the practice continues to allow exemptions out of merchandise or property that has not been paid for, and is therefore the property of creditors.

Feeling deeply that the subject should vigorously be handled and receive the very closest study of the National Association of Credit Men and its various units, your committee begs to close

this brief report with the following resolutions:

T

"Resolved, By the National Association of Credit Men in convention assembled, that the granting to debtors or insolvents of exemptions from merchandise or property that has not been paid for is immoral, opposed to proper commercial standards, and places a premium on dishonesty; and it is further

II

"Resolved, That this practice should be abolished through the action of the states where it exists, to which effort this Association should lend every effort through proper publicity and the cooperation of its membership.

III

"Resolved, That the National Association of Credit Men, through its officers and directors, its committees, and local associations, through local committees and conferences should give more thought and study to the subject of unfair and unnecessary exemption allowances, and assist in creating a sense of indignation, which shall result in their elimination."

Respectfully submitted,

F. C. GROOVER, Chairman,

Jacksonville, Fla.

Mr. Tregoe moved the adoption of the report. Seconded

by Mr. Teaf, of Philadelphia.

MR. St. Peter, Menominee.—I dislike to speak before this convention, due to the embarrassment caused by my name and the fact that I have had no public-speaking experience, but it did seem to me, either in connection with the report of the Committee on Exemptions or in connection with the report of the Committee on Legislation, that there was a matter which deserved the serious consideration of this convention. I have listened to the account of the protective legislation which has placed upon our statute books in so many states, laws against the false statement and bad check; but, I believe that the credit men of this nation should spend some of their time and their energy upon constructive legislation which will assist the retail merchants to collect through proper exemption laws the accounts receivable upon their books. In this connection, I am proud to draw your attention to the exemption laws of the state of Michigan, where the married wage-earner is exempted a maximum of thirty dollars and a minimum of fifteen, with sixty per cent. exemption in any case not exceeding the maximum or minimum; any single man, thirty per cent., with a maximum of fifteen and a minimum of four.

May I direct the attention of the Wisconsin delegation to their exemption laws, for I believe that the credit men of Wisconsin and of any other state similarly situated can, through the cooperation of the retail dealers place upon their statute books the exemplary laws of the state of Michigan. It has happened that twice have model exemption laws carried through the legislature of Wisconsin, and both times have been vetoed by the governor of the state, because, I am told, of the activity of labor organizations. I cannot conceive that it was done on any other ground than that the retail merchant would take undue advantage of the unfortunate debtor, but I wish to say here that in fifteen years' experience in extending credit, I have never known a time when a retail merchant has used that privilege unduly. In fact, if the final roll were called and the names of the great philanthropists of the ages were emblazoned upon the walls of the Hall of Fame, you would find there not the names of a Carnegie or a Rockefeller, but Jones, the grocer; Smith, the butcher, and Bunn, the baker, of Baraboo. (Applause.)

CHAIRMAN McComas.—Now we will proceed with the adoption

of the resolutions.

The motion was carried.

SECRETARY TREGOE.—Our St. Peter, of Michigan, might have been named St. Paul judging from his oratorical ability. (Applause.)

Now, before we close the session and resolves ourselves into the sectional conferences, I want to make an announcement, with your permission, that I think is extraordinary. I discovered yesterday that we have at this convention a gentleman who has been at every convention since the one held in Toledo, 1896. No member of this organization, to my knowledge, has a record of having attended twenty-one consecutive conventions. I think you ought to look him in the face, and I would ask Mr. Mayer, of Cincinnati, to bring forward W. A. Hopple, of Cincinnati. (Mr. Hopple comes forward amid applause.)

Mr. Hopple.—This is a totally unexpected honor. I believe if I tried to make a speech now with all my Cincinnati friends and all my other friends here, they would have to apologize for it. I simply could not do it, and all I can do is to try to get even with Mr. Mayer when I get back to Cincinnati. If you want any fossils, I suppose I can count as one. Just let me be known simply as

Exhibit A. (Applause.)

Secretary Tregoe.—Now, let me make these announcements and we will be through. I want to say that in going into these sectional conferences we are approaching them with some trepidation and yet with tremendous interest. My advisors—not the board, but three members whom the board gave me as my special committee of advisors—consented to the arranging of these conferences, and I am going to ask you to do this: Even though your line of business is not to be definitely represented, select one of the conferences and attend one. After you have attended them and followed the procedure and seen what has occurred, will you not consider it a responsibility to write to the National office and say what your impressions were, what improvements could be made, so that at the convention in 1917 we can bring these conferences to a higher standard of interest and usefulness if it is your thought that they are worthy of perpetuation. This is our interest, and we hope you are going to spring to this with great enthusiasm.

I have the following telegraphic greetings:

Atlanta, Ga., June 12, 1916.

J. H. Tregoe, Secretary, National Association of Credit Men, Convention Headquarters, Wm. Penn. Hotel, Pittsburgh, Pa.

Greetings to the twenty-first annual convention. May it prove the precursor of an era of peace and prosperity. It is a disappointment to me that I cannot attend.

HERBERT E. CHOATE.

St. Louis, Mo., June 12, 1916.

J. H. Tregoe, Secretary-Treasurer, National Association of Credit Men, Care William Penn Hotel, Pittsburgh, Pa.

Greetings from one of the membership who regrets not being with you. Am sure the Pittsburgh association has provided every-

thing needful for your requirements in making this convention of 1916 one of the best in the history of the organization and I know success will crown your efforts.

W. B. MUNROE.

Wichita, Kans., June 12, 1916. J. H. Tregoe, Care The William Penn Hotel, Pittsburgh, Pa.

I feel deep regret and a sense of personal loss in not being present at the twenty-first convention, and particularly so when I so well know how much knowledge and inspiration one may acquire by visiting the efficient and splendid city of Pittsburgh. Please convey my greetings and best wishes to the officers, delegates and visitors of the National Association and also to the officers and members of the Pittsburgh association, not forgetting the ladies. May the proceedings of the convention advance the science of credit and thereby benefit business.

L. B. McCausland.

Minneapolis, Minn., June 12, 1916.

National Association of Credit Men, J. H. Tregoe, Secretary, Care Wm. Penn Hotel, Pittsburgh, Pa.

My deepest interest is with the National Association of Credit Men and it is my sincere belief that the deliberations of the twenty-first meeting of its representatives will not fall short of the accomplishments of those preceding it. I cannot express the regret that I feel on account of my inability to be with you. I am missing you much more than you will miss me and to every delegate, director and officer I am sending by most sincere regards and respect, confident that nothing in your power will be left undone which will resound to the credit and benefit of our Association. Yours very truly.

FRED. R. SALISBURY.

Utica, N. Y., June 13, 1916.

J. H. Tregoe, Secretary-Treasurer, National Association of Credit Men, Pittsburgh, Pa.

Greetings to members of the National Association in convention assembled. Regret exceedingly my inability to be with you in person. The influence of the Association throughout the nation is yearly increasing and will increase so long as its object is the uplift of business principles and fostering of commercial ethics. I bespeak for the Association increased power and activity. That the twenty-first annual may be the best yet is the wish of.

GEORGE W. OATLEY.

San Francisco, Cal., June 13, 1916.

President H. G. Moore, National Association of Credit Men, Headquarters Wm. Penn Hotel, Pittsburgh, Pa.

Hands across the continent to you, to all delegates and officers in national convention assembled, in warmest greetings and assurance that we are with you ready to cooperate to accomplish every measure sanctioned by the National Association. Convey greetings to our President Gay, I know that delegate Keleher, representing our adjustment bureau, the Board of Trade of San Francisco, comes to counsel with you from the most successful adjusting organization in the United States. We join with you extending congratulations to Pittsburgh association, our motto Vigilantia.

San Francisco Association of Credit Men.

E. T. Hughes, Secretary.

St. Paul, Minn., June 13, 1916.

J. H. Tregoe, Secretary, National Association of Credit Men, William Penn Hotel, Pittsburgh, Pa.

Please convey to President Moore and delegates in convention my warmest regards and best wishes for a very enthusiastic meeting, and one not only prospective of much good to themselves, but of valuable and lasting results to the business institutions of our nation. I sincerely regret my absence.

HARRY W. PARKER.

New York, N. Y., June 13, 1916.

President, National Association of Credit Men, Pittsburgh, Pa.

Owing to the death of the wife of our financial partner it is impossible for me to leave New York for Pittsburgh as expected. Please accept my hearty good wishes for a successful convention and give my kind regards to all the boys. Please also notify Meek and Alexander.

HOWARD MARSHALL.

San Francisco, Cal., June 14, 1916.

J. H. Tregoe, Secretary-Treasurer, National Association of Credit Men, Wm. Penn Hotel, Pittsburgh, Pa.

Felicitations to National officers and delegates at this gathering of credit men. Please extend our heartiest greetings to the adjustment bureau managers and convey to each and every one of them our earnest wishes for continued success in their important work and further advancement during the coming year toward our common goal of the greatest attainable efficiency.

G. W. Brainard, Secretary.

JOSEPH KIRK, Attorney, Board of Trade of San Francisco.

Wichita, Kansas, June 14, 1916.

Tregoe, Levi, Fleisher and Co., Care the Wm. Penn Hotel, Pittsburgh, Pa.

Your telegrams appreciated. Am now arranging my affairs to attend the nineteen seventeen convention. My thoughts and best wishes are with you. Glad to know Mr. Biggs is enjoying Pittsburgh. Congratulate Enoch on forceful address welcome. See that Randel does not impersonate Ira. Hope Moore is New and Fessenden Meek.

L. B. McCausland.

(Adjourned.)

Fourth Day, Friday, June 16, 1916

MORNING SESSION

The morning session of the fourth day of the convention was called to order at 9.30 o'clock by President Moore. The invocation was offered by the secretary.

PRESIDENT MOORE.—The first order of business is the reading of the report of the Mercantile Agency Service Committee, E. F.

Pillow, of Rochester, chairman.

Mr. Pillow.—I purpose to digress from the custom of reading the committee's entire report for it is long. I wish, with your kind permission, to refer briefly to certain subjects contained therein and present the resolution for your consideration.

The printed report is in your hands.

Soon after the announcement of the appointment of this committee complaints began to come to us from different sections of the country, entirely local in their nature. These were tabulated preparatory to their presentation to the respective agencies at a proposed conference to be held in New York, but at one of the meetings of the Rochester unit of this committee it was suggested that we try to adjust a selected few of the complaints with the local office from which the report complained about emanated. The result was so satisfactory that we prepared a general letter which was sent to every local association, urging the members to present their complaints direct to the local agency managers, and to bring to the attention of the committee of the National Association only such complaints as did not thereafter get the desired attention, as also such matters as related to the general policy of the agencies. This suggestion is referred to in our report, and I here emphasize its advantages.

We refer, under the caption, "Reference Books," on the second page of the report in your hands, to subscribers relying on ratings in the granting of credit. We believe you will agree with us that to rely alone on a rating fixed often considerably in advance of the book going to press and a considerable time after it is in your office carries with it too much of the element of chance, and that your reference to the rating should be at once followed by a full

report.

We learned during our last conference with the agencies that the subject of ascertaining what books of accounts were kept by merchants was having their attention; and we hope we may soon

find this class of information in agency reports.

Your committee had the good fortune of having at its last conference in New York representatives of both R. G. Dun & Company and the Bradstreet Company—the first time the agencies attended together a conference with a committee of the National Association.

I wish to call your attention to an error in the printed report—under the heading, "IMPROVEMENT" in the middle of the report we are made to say: "Your committee could see no advantage in, and therefore did not recommend the adoption of." Those words do not belong to that paragraph. They appear again in their right

place in the paragraph just preceding the sub-heading "The Model Mercantile Agency Report." and will disappear from their wrong position in the convention number of the "Bulletin."

REPORT OF MERCANTILE AGENCY SERVICE COMMITTEE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Committee on Mercantile Agency Service is permitted to report that during the year of its activities a deep degree of interest was discernible toward this important aid of the credit

department.

Following the rule of former committees, there were received by your chairman and at the National office complaints and suggestions of varying character from members of the Association and local committees on mercantile agency service. To each complaint and suggestion very careful consideration was given, and the member or committee assured of your chairman's interest, attention and desire to serve.

It was discovered by your committee that many of the complaints and suggestions related to local service, and should have been referred to the local managers of the mercantile agencies, rather than made the subject of conference or correspondence with the superintendents of the agencies at executive offices. Your committee in such instances advised a local conference, while in matters of general policy or general improvement of the service, discussions were held by correspondence or verbally with the executive officers of the agencies.

There must be taken into consideration at this juncture that the paragraphing system allowed by the mercantile agencies in response to the request of a former committee, has required a considerable period for general adoption, and the value and ad-

vantages of this system are conceded on every hand.

Your committee will not venture in this report to relate individually all of the complaints and suggestions received, but will confine the report to the consideration of policies and improvements

which have a bearing upon the entire service.

The committee received from its immediate predecessors certain recommendations for serious consideration, which were carefully analyzed in anticipation of this report. In all of the subjects brought to the attention of the executive officers, your committee was accorded the utmost courtesy, consideration and attention. At one period of the year, your chairman, with an associate, visited New York City, and spent several hours in the offices of R. G. Dun & Co., and the Bradstreet Co., going over various matters relating to the service, and gathered the impression that in deserving matters very sincere cooperation and consideration could be expected of the officers of these agencies.

Just before the close of the year, an interesting conference lasting through five hours was held in the National office with

representatives of your committee, representatives of the Committee on Mercantile Agency Service of the New York association

as also of R. G. Dun & Co. and the Bradstreet Co.

This spirit of cooperation should be encouraged and used for the bringing together on the best of terms and for the highest character of service the National Association of Credit Men and the mercantile agencies.

Questions of policy and improvement of service should be



E. F. PILLOW

Lincoln National Bank, Rochester, N. Y.

Chairman Mercantile Agency Service Committee

treated with every degree of courage and confidence, but through conferences such as your committee was permitted to enjoy.

Referring to the recommendations embraced in the report of the preceding committee to the Salt Lake City convention, the committee this year has very carefully and thoroughly studied its conclusions and recommendations.

REFERENCE BOOKS.

Your committee believes it is a mistake for subscribers to rely upon ratings in reference books for the granting of credits. large number of changes occur daily, and through a course of even thirty days a sufficient number of changes have taken place to discount substantially the value of the reference book as a credit-granting medium. The book is intended only for reference purposes, and should be maintained at high standard for such purposes; but your committee could not conscientiously recommend suggestions of a nature that would lead to the use of the reference book as a credit-granting medium, believing that losses must of a consequence occur. Your committee, therefore, did not favor Recommendation "A" in the report of the preceding committee, as follows:

"That rating books prepared and issued by mercantile agencies should indicate by symbol whether the rating assigned is based on an audited statement."

SUBSCRIBERS' INFORMATION TO THE AGENCIES

A consideration of this subject involved the consideration of

recommendations "B" and "C," which are as follows:

"B. That the inquiry tickets be so arranged that the subscribers can furnish upon them their ledger experience; and that the members of your Association provide the agencies with their ledger experience on the concerns inquired upon.

"C. That blanks be provided by the mercantile agencies for the use of subscribers upon which to report unfavorable experience and information that should be known to the agencies as being of value in protecting other sub-

It was found that the mercantile agencies have endeavored in various ways to obtain information from their subscribers on the subjects of their inquiries, and when accounts become unsatisfactory for any reason and would be regarded as dangerous risks. A very small proportion of the subscribers has responded to this system; and it therefore rests upon the National Association of

Credit Men to encourage this form of cooperation.

It is of advantage for subscribers to furnish the mercantile agencies with a record of their experiences voluntarily when making an inquiry. If the willingness to supply the information justifies it, the mercantile agencies will prepare and distribute the material necessary for the giving and assembling of the information. They stand ready to offer this response when assured that the cooperation will be given. It is earnestly recommended that subscribers supply the mercantile agencies with information on customers when the accounts have become unsatisfactory or there are reasons for the subscriber to believe that caution should be exercised.

IMPROVEMENTS

ADDING CERTAIN IMPORTANT FEATURES TO REPORTS

Your committee, in considering recommendation "D," feels that it is of the utmost value that the mercantile agencies, when preparing reports, indicate in each whether the merchant or enterprise reported upon is keeping books of account and what character of books is kept. It is of growing importance that credit grantors know whether their buyers or customers are keeping books of account and what books are kept. This is especially desirable in financial statements because of the assistance it gives to prosecutions in the event that statements misrepresent and are false. It should not be difficult for a reporter of the agency to obtain this information by asking the question in every investigation, and it should be a feature of each financial statement compiled.

Subdivisions 2 and 3, paragraph "D," read as follows:

"D" (2) "In the trade opinions quoted information be given as to,

a Number of firms reporting.

b Maximum amount of credit extended.

c Methods of payment."

"D" (3) "What insurance is carried, whether fire, credit, liability or life, for the benefit of the business."

These items are now receiving the attention of the agencies

and further development in these lines is promised.

Your committee believes that a report should indicate what character of risk the merchant is insured against,—first, the fire risk; second, the liability risk; third, compensation risk,—and should also indicate whether or not the merchant has taken out life insurance for the benefit of the business.

Data upon fire insurance has been customary, but the enactment of compensation laws in nearly all of the states has raised a new hazard which is not apprehended to its full extent by credit grantors or debtors; and it is very important to know whether the merchant is insured against the compensation risk, for should he not be, one accident might wipe out his entire assets.

Your committee is inclined to believe that the mercantile agencies will accede to these recommendations, and it urges upon members of the Association to note whether in reports the information is supplied, and if not, to bring the omission to the attention of

the local superintendents.

Your committee could see no advantage in and, therefore, did

not recommend the adoption of paragraph "E," as follows:

"E" "That mercantile agencies be urged to confer with one another and arrange for a standard in reporting failures and insolvencies, thus preventing the differences which now exist in failure and insolvency statistics published by the leading mercantile agencies."

THE MODEL MERCANTILE AGENCY REPORT

The committee of last year conducted an interesting contest for a model mercantile agency report, and had submitted to it several forms from members, that were subjected to the critical study of a committee of award. The report of this committee was not received until after the convention of 1915, and really too late in its current year to do anything of a substantial or permanent character with the forms submitted and the four that had received the largest number of favorable points. Your committee, under

the circumstances, preferred not to do anything whatsoever regarding the form submitted, but merely confer with the mercantile agencies about the adoption of a model form.

FORM OF CONTRACT

Your committee was called upon from several directions, and especially through a resolution offered by Secretary Hamburger, of Detroit, at the Salt Lake City convention, to consider the form of contract used by the agencies as concerns the right of a subscriber to purchase additional reports, and the powers of cancellation reserved alone to the agencies.

This subject received a great deal of attention and your committee was convinced that it is not the intention of the agencies to be arbitrary as regards their contracts with the subscribers. The contract is entirely the concern of each individual subscriber.

The situation can be surmised easily where the agency service might be contracted for as a medium of obtaining information for purposes not related at all to credit granting, and that in such instances, it is not only proper but safe that the agency should have the right of cancellation. As concerns this right, when a legitimate subscriber is affected, it is believed by your committee that the fairest treatment may be expected. It is not possible for your committee to go beyond these statements in touching upon this feature of the service of the year's work.

CARE IN THE PREPARATION OF REPORTS

The agencies were urged by your committee to have the utmost care exercised by their reporters in the assembling of information, especially in the procuring of financial statements, for it is indisputable that this feature of service, resting upon the personal equation, has a value in proportion to the care and honesty of the reporter. When financial statements are merely estimated, it should be so stated in the report, and that is perfectly easy to do in the opinion of your committee. Just so far as possible, however, all financial statements should be based upon inventories or accurate figures, and if this is not done, the statement, rather than being a safe guide, becomes a pitfall.

COMPLAINTS AND SUGGESTIONS.

Your committee recommends very urgently that members of the Association or local committees on mercantile agency service, confer with local superintendents when a complaint or suggestion refers to the local service. If it should happen that they are not accorded the proper consideration by local superintendents, then the National office or the chairman of the committee should be informed.

For the handling of complaints and suggestions as concerns the general policy or character of the service, it was suggested to your committee and adopted, that a department on complaints be opened in the National office, and all matters of this nature referred to the secretary of the National Association, or instead they can be brought immediately to the attention of the chairman of the Committee on Mercantile Agency Service. If reference is made of a matter to the National office, the secretary will in turn bring it to the attention of the chairman of the committee and cooperate with him in having the subject considered by the executive officers of

the agencies. Your committee believes that the following of this plan will bring order and good system into our department on mercantile agency service; and unquestionably a faithful and intelligent execution of the work, a fearless yet cooperative approach to the mercantile agencies will do much to improve the service and give better value and stronger protection to subscribers.

Your committee, at the conclusion of this report, desires to register its appreciation and thanks to the executive officers and representatives of the agencies who have granted it such consistent courtesies, to the local committees and associations for the

assistance it has received.

Your committee begs to tender the following resolutions:

"Resolved, That the National Association of Credit Men in convention assembled strongly approves of a close and cordial cooperation between its committees on mercantile agency service and the mercantile agencies, and recommends that every effort be made for its continuance in problems of interest as they may relate to the improvement and effectiveness of the service.

"Resolved, That the recommendations made by this committee for the incorporation in mercantile agency reports of information on the books of account, if any, that a merchant or enterprise is keeping, and of the insurance against certain hazards that are of great importance to credit grantors, be and are herewith endorsed, with the suggestion that the incoming committee and all local committees bend their best efforts for the bringing in of this information as a consistent and uniform practice of the agencies.

"Resolved, That the subject of the model mercantile agency report be referred to the board of directors of the National Association of Credit Men, for such action as it deem advisable.

Respectfully submitted,

E. F. Pillow, Rochester, N. Y., Chairman.

IRA D. KINGSBURY, Rochester, N. Y. ELMER ROBLIN, Rochester, N. Y.

ARTHUR PARSONS, Salt Lake City, Utah., Vice-Chairman.

N. Y. Schofield, Salt Lake City, Utah. J. T. Young, Pocatello, Idaho.

J. A. Kebler, Indianapolis, Ind., Vice-Chairman.

J. D. MEEK, Indianapolis, Ind.

HENRY A. JEFFRIES, Indianapolis, Ind.

TUTHILL R. HILLIARD, Wilkes-Barre, Pa., Vice-Chairman.

J. FRANK HART, Wilkes-Barre, Pa. G. L. C. Frantz, Wilkes-Barre, Pa.

W. P. Wilson, Wheeling, W. Va., Vice-Chairman.

STANLEY FLOYD, Wheeling, W. Va. H. L. King, Wheeling, W. Va. LEON WALLERSTEIN, Richmond, Va., Vice-Chairman.

JOHN B. METZGER, Richmond, Va. C. S. Fensom, Richmond, Va.

Mr. Pillow moved the adoption of his report.

President Moore.—The report is before you with a motion by its chairman that it be adopted as printed with the correction cited by Chairman Pillow. We have a few moments for discussion and you who are used to talking about these matters at home just forget there is any one around you this morning. Do not feel at all embarrassed and let us hear from you.

Mr. Thomas, Philadelphia.—I notice that the committee did not recommend the clause in the report of the former committee reading as follows: "In the trade opinions quoted information be given as to (a) number of firms reporting, (b) maximum amount of credit extended, (c) methods of payment."

In my opinion that is a matter of vital importance. You frequently receive reports which read as follows: "Reported meeting local obligations promptly. No complaint heard regarding manner of payment." Such statement simply means that the report has not reached the proper authorities. If we are going to accept reports of that kind, we absolutely are not getting the proper information. When a report says, "Authorities consulted are extending credit in amounts of one hundred to five hundred, payments in terms of sixty days," you have something concrete and definite.

PRESIDENT MOORE.—That is a live bunch down in Philadelphia. Secretary Tregoe.—They were a long time getting there, Mr.

Chairman.

President Moore.—I do not see why they had trouble with that chairman from Philadelphia yesterday morning. I understand he accused me of getting away with the gavel yesterday morning and not being out of bed and all that sort of thing, but we are here this

morning.

MR. MIXTER, Worcester.-We have had one meeting in Worcester during this past year with the local managers of the two agencies by means of which we came to a very amicable basis of relationship. We have come to the conclusion that if we want to take any problem up it can be taken up with both of these managers and everything found satisfactory. Personally, I have had very good relations with them, and if any report did not look right, I would get a second report quickly. I realize that there is more or less driving at these agencies, but I know that in our district we have had satisfactory relationship and get everything that we want by asking for it.

President Moore.—If there are not further remarks, we will

proceed with the resolutions as read.

The resolutions were adopted as a whole.

We waited until more of the delegates arrived before we had our usual patriotic service. This certainly has been a patriotic convention and if our preparedness friends had had some part in it, I think they could have recruited two good regiments at the close of it. Once more, in recognition of the beautiful flag, once more remembering the position in which our country has been placed by the Almighty, thankful for these peaceful times, let us arise and sing "America."
The convention rose and sang "America," saluting the flag at

the close.

It seems to me that I never had impressed upon me so thoroughly what the flag means to our country as I did several years ago when awarding some diplomas to a class of students. The late Eugene Ware spoke and a few of the words he said to us at that time and the immensity of its message to me as an American citizen I have never forgotten.

As he stepped to the flag, he turned to the eighteen hundred students assembled and said, "Young ladies and gentlemen, do you know what this flag has cost our country? Do you realize that all



SAMUEL MAYER
Isaac Fuller's Sons & Co., Cincinnati, Ohio
Director

of you during your lifetime shall never see as many men as this flag has cost your country? Do you realize that as long as you live and your children's children live, you shall never see as much money as it has cost your government to defend the flag?"

as it has cost your government to defend the flag?"

We are having a happy time in Pittsburgh. I want to thank you now for the enthusiasm that you brought with you, for the enthusiasm you have manifested day after day, and for the enthusiasm that we are going to carry with us through the afternoon, and for the

enthusiasm which I feel sure we are to carry back to our home associations. It seems to me, as I size up this convention, as I value the inspiration that I have received here, which likewise you also must have accumulated, we have entered upon our greatest year of work. It shall be a very happy turning over of my office to my successor, with the work still under the guidance of him in whom we have our greatest trust, we shall go forward into another year. I shall be bitterly disappointed, although I shall be content at all times, if the twenty-five thousand mark is not reached by our next annual convention. (Applause.)

Secretary Tregoe.—I told Mr. Hoagland, our next speaker, to be here at ten. He is on the program for ten-twenty, but we are ahead of our schedule. We might spend about five minutes in some rapid-fire messages from the local associations—just a word of enthusiam. I think some of these men are fairly bubbling and they

would like to get it out of their systems.

President Moore.—We will call on Mr. Sheffey, of the Lynch-

burg association.

Mr. Sheffey.—The Lynchburg association reminds me very much of a traveling salesman we once had. He was a remarkable fellow. He had a very, very extensive trade, according to his idea. He would go out on the road and sell a large bill, a half-dozen pairs of shoes, and if trade was good he might sell nine pairs of shoes and

if poor it was three.

Lynchburg is not the biggest spot on the map and they do not have the most extensive membership, but I tell you, though I have attended conventions for the past twelve years, I never have been so much enthused over any convention as I have been here in Pittsburgh. Pittsburgh is a great town, believe me, it is a great city. (Applause.) This is a great people here in Pittsburgh, and I shall go back to Lynchburg, that city I esteem as the garden spot of the world, just as you believe that your spot is the garden spot of the world-I shall go back to Lynchburg to work on that three-, sixor nine-pair lot down there and see if we cannot do more business next year than ever.

PRESIDENT MOORE.—I notice that there is always something doing when we Methodists get together. (Applause.) Now, am I right in understanding that the Honorable Carter Glass came from

Lynchburg?

Mr. Sheffey.—I was about to mention to you the fact that in the great city of St. Louis there met a convention a day or two ago, and this brother here reminds me very much of the man who was nominated-he has that "jimmy" jaw. And in that great city, I call your attention to the fact that the Honorable Carter Glass was made secretary of the Democratic National Committee and he has added that laurel to his other laurels, the chairmanship of the Banking and Currency Committee, which, as you have heard repeated on the floors of this convention, produced the greatest piece of constructive legislation enacted in this country in the past fifty

President Moore.—Now let us transfer ourselves to St. Louis and allow me the privilege of introducing to you the Honorable

Woodrow Wilson. (Laughter.)

"Mr. Wilson."—I did not bring my notes with me. Of course, Mr. Sheffey is a born orator because he lives where Carter Glass lives. Anybody who lives there is an orator. I only live in St. Louis, with the beautiful Mississippi flowing by our doors. What is the name of that river of yours?

Mr. Sheffey.—The James.

"MR. WILSON."—And ours is just as fine as the James. It has just as much water in it, although it is a little different in color. But I am embarrassed because I may be one of the few Democrats here. (Applause.)

Mr. Sheffey.—I do not understand how a Democrat could

have water, even in a river.

MR. RODENBECK, Rochester.—I introduce to you Vice-President Marshall in the personality of Mr. Joyce, of Philadelphia. (Ap-

plause.)

President Moore.—The gentleman's reference to his town reminds me of the story that some of my friends in Kansas City told when I left there, and the ignorance of your chairman of yesterday reminds me of that story. You know, there was nothing that happened to our Association for many years which did it so much good in the study of geography as to have our convention in Salt Lake City. My friends gathered together and one said to the other, "Think of a man leaving Kansas City to go to Peoria. Why," he says, "the other day a couple of darkies met down here on the street and one of them said, 'Well, where you all been lately?' 'Why,' says Jim, 'I's been over to Peoria.' 'Peoria—where's that?' 'Oh,' he says, 'over in Illinois.' 'Well, what's they got over there?' 'Why,' he says, 'there's nothing over there just 'ceptin' mornin', noon and night.'"

Mr. Roosevelt, did you wish to speak?

MR. MEHLIN, Des Moines.—Having a candidate of our own in the field, we are not supporting Roosevelt. Iowa, it is said, always affords the best, but it seems down in Chicago they thought Hughes was better than Cummins, and we all agree that they got the best.

PRESIDENT MOORE,—Mr. Bryan has not appeared yet, but I will

watch the door carefully for him.

In no other matter are we more interested than in fire prevention, and we have been signally honored in the fact that our former secretary, Charles E. Meek, has been honored by election to the presidency of the National Fire Protection Association. This morning we have with us another branch of that great work, for we are privileged to have with us Ira G. Hoagland, secretary of the Automatic Sprinkler Association of the United States. (Applause.)

"THE RESPONSIBILITIES OF BUSINESS MEN FOR A DE-CREASE IN THE FIRE WASTE," ADDRESS BY IRA G. HOAGLAND, SECRETARY AUTOMATIC SPRINKLER ASSOCIATION OF AMERICA

Responsibility for a decrease in the nation's fire waste is upon business men. Responsibility is the state of being accountable. As the community should be accountable for the effect of the conditions

it condones, and as the business men, the creative element therein, can specify what shall prevail, they are accountable for the character of conditions condoned, and, therefore, accountable for a decease in the fire waste.

But the accountability of the community to its population and of the creative element therein to the community is a civic safety cycle as yet practically unformed in this country. As it is, our ideas of responsibility for fires are, sometimes, to say the least, rather peculiar, that is, to those who are endeavoring to get at the real reasons of things.

A bad-mannered cow was held responsible for Chicago's conflagration. But the cow was not responsible for the lantern being where she could kick it over, nor for the delayed alarm and tardy response of the fire department, nor for the conditions Chicago

permitted which favored the sweeping spread of the fire.

First reports of the recent dwelling district conflagration in East Nashville, Tenn., made much of a story that the fire had been started by a blazing ball of yarn a little negro boy had kicked out of a house into dry grass. As a matter of fact, the trouble began in combustible litter in the yard of a woodworking plant and a high wind showered sparks over acres of shingle roofs multiplying jobs for the fire department at such a rate that it was soon outnumbered. If Nashville, as a community, had required clean yards and incombustible roofs, 3,000 of its population would not have suffered the loss of their homes.

Baltimore's blaze began in the basement of a dry goods and notion house. Before the firemen could control it, the heat, ascending through an open elevator shaft, attacked celluloid goods stored in the top story, releasing inflammable gases, which exploded and blew off the top of the building. By the time the firemen, hard at work below, realized what the circumstances were, a conflagration

was underway over their devoted heads.

There was no surly-cow-brand stories exploited in connection with Baltimore's fire, but it was accounted for in many ways not strictly in accord with the facts. If Baltimore had required automatic sprinkler protection in mercantile buildings, where fires are not likely to be reached easily, as in basements, or where combustible commodities are stored, or had required elevator shafts, stairways, or other floor openings to be enclosed, or had restricted the storage of dangerous goods, the conditions would have been right for the successful control of the fire before it could have gotten out of hand, and there would not have been a Baltimore conflagration.

Salem's fire originated in an outbuilding of a tannery, where dangerous materials were being used, and at a very inopportune time—most of the fire department was "out to lunch." The flames found readily available fuel in the quick-burning wooden construction of the tannery building, and were beyond control by the time the fire department mustered its forces at the fray. Sparks rained upon surrounding shingle roofs, and very soon something big in the

way of conflagrations was underway.

The flame which swept a great section of Augusta, Ga., originated in the first story of a "firetrap" mercantile and office building; a nearby elevator shaft carried flames and smoke through

the building in a few moments. Persons in the upper stories were cut off, as the stairway wound around the elevator shaft. The alarm was prompt, and the response, too—less than two minutes, but by the time the rescue work was over and every one safely out of the building, and the firemen could mass their energies against the fire, a high wind was whipping flames down and across

the street, and the battle was a losing one from the start.

Neither Salem nor Augusta had requirements, worthy of the name, for conditions necessary to the proper restraint of fire before their experiences, but it was different afterwards. Salem enacted stringent particulars to control the character of new construction. And Augusta did the very best thing possible by enacting as its building ordinance, before the ashes of the conflagration grew cold, the model building code of the National Board of Fire Underwriters. In doing so, Augusta acknowledged its accountability for the fire, and especially was it accountable for having ignored the warning of its fire chief about the very building in which the fire started.

A locked door was considered "responsible" for the fearful loss of life in the Triangle waist factory fire in a "fireproof" loft building in New York. As a matter of fact, the fire was responsible, and as it began and spread under obviously dangerous conditions, the community was responsible for the effect of the fire. An endeavor was made to fix the responsibility, but as the City

of New York was not on trial, it was not fixed.

The Triangle factory fire was a clear illustration of the mischief there is in the prevailing notion that exits are a greater assurance of safety than fire control, that to get away from the fire is more important than to "get" the fire before it gets away, that the only place of safety is outside buildings and not inside buildings. Fire department chiefs, fire prevention and insurance engineers, architects and others all concurred in the opinion that there would not have been a single loss of life in the Triangle fire

had the building been equipped with automatic sprinklers.

Exits are important, to be sure, but in emphasizing exits and ignoring fire control, the community accounts meagerly for the safety of the population and virtually shifts the burden of responsibility to those it seeks to safeguard, for, after specifying what should be provided in the way of exits and enforcing the provisions, it considers its responsibility fulfilled, as also does the person who complies with law; therefore, at the time of fire, the responsibility for safety is upon the shoulders of those who of their own volition must seek safety outside the building by the ways specified by law, and woe betide the faint-hearted, weak-kneed and panic-stricken, who do not find their way out, for the law does not often recognize the fact that fire can be controlled.

Last fall there occurred in Pittsburgh a distressing factory fire in which were lost the lives of a number of young women; distressing because the event was the result of conditions this community condoned, conditions which the veriest tyro in fire prevention engineering would know to be unsafe. The building was three stories high, with walls of brick and the interior construction of wood, arranged to favor quick burning, both in the disposition of the materials of construction and the floor openings. The first

story was occupied for the storage of hay, grain and fodder; the second by a worker in metal; and the third by a paper-box maker, employing a number of girls. The fire occurred and the same results happened, as have happened and always will happen where the fact that fire can be controlled is ignored. Had the building been equipped with automatic sprinklers which would have controlled the fire where it began, or had it been confined there by a proper arrangement of the construction, the speedy response of the fire department would have counted for more than it did. Pittsburgh condoned the conditions in the Sandusky street factory and is answerable for the fatal results of the fire.

Just how much need there is for an awakening of community responsibility is emphasized by this comparison: In 1913, in European cities, with an aggregate population of nearly 25,000,000, the per capita fire loss was only 37 cents, while in the United States, during the same period, the per capita fire loss was \$2.25 in cities having a total population of about 33,000,000. In 1914, the per capita fire loss in 298 cities in the United States was \$2.32, and the gross fire tax per capita, \$6.65. The 1915 figures show a per capita loss of \$1.94 in 333 cities having an aggregate population of over 35,000,000. This decrease is encouraging but the record for 1916, thus far, is not.

One of the most discouraging aspects of the whole fire question is the universal disregard of responsibility. If the country could only be aroused to the need for a decrease in the fire waste, aroused as it is over the question of preparedness for war, the sense of responsibility would be awakened. But there are hopeful signs—Pennsylvania supplies an inspiring example of aroused authority. This state has the distinction of being the first to enact a law enforcing personal responsibility for preventable fires.

Pennsylvania's personal responsibility statute provides that in addition to present penalties for arson, or payment of fines and penalties for the violation of laws and ordinances, the person on whose property a fire occurs, due to criminal intent, wilful negligence, or failure to comply with the laws and ordinances, shall be liable to the municipality for the payment of all costs and expenses of the fire department in extinguishing the fire. These costs shall include the wages of the firemen, a reasonable amount of rental for the use of the apparatus, and the cost of the water and other materials used, with an additional amount of 10 per cent. of the total as supervisory or overhead charges, to be paid into the city treasury.

A law of similar intent, except that it is more drastic and makes the person who has a fire liable for the damages caused to his own and other property, obtains abroad and in the Latin republics on this continent. In New York, Fire Commissioner Adamson invoked an ancient law and succeeded in collecting the amount of the fire department cost for extinguishing a fire, where the Fire Prevention Bureau orders for improvements had been disregarded. In an individual liability law a community has an excellent medium through which to delegate its responsibility to each and every citizen.

Other encouraging examples of aroused community authority, and particularly encouraging are they because the principle of fire control has been recognized, are to be found in New York, Chicago and in Massachusetts' Metropolitan District—Boston and surrounding communities. New York's Fire Commissioner is empowered to order automatic sprinklers installed in buildings, where, in his judgment, this protection is needed. Chicago's fire prevention law specifically provides for sprinkler protection in many classes and kinds of buildings. Massachusetts' fire hazard law requires this protection in buildings housing certain classes of occupancy which is likely to breed fires.

There is a number of things a community must do in order to give a full accounting of its responsibility to its public. Generally speaking, it must perfect all of the agencies of prevention and control

of fire.

Fire prevention comprehends two things: The actual elimination of potential causes of fire, and the establishment of conditions that will, as far as possible, confine fires to localities of

origin; in other words, retard the spread of flames.

Elimination of fire causes may be obtained by instructing the public how to avoid fires; by fire department inspection of premises to seek conditions that escape untrained eyes and that the careless and indifferent ignore; by restricting the use of inflammables and explosives; by governing the installation of heating and lighting services; and by restraining generally the hazardous conditions likely to cause fires.

The conditions that will confine fires to the locality of origin are: Restriction of floor areas; protection of stairway and elevator and other openings through which fire may spread; also, protection of metal structural supports which fire would weaken.

In the fight to control fires, there are four successive stages of effort: (1) Discovery of the fire; (2) the fire alarm; (3) response

to the alarm; and (4) action at the fire.

The fight to control fires is hard to win if action is delayed. Progressive fire departments have cut down the time of response to two minutes, but they are utterly unable to do anything about the fateful interval of time between the beginning of a fire and the receipt of the alarm. Modern fire-alarm telegraph systems, motor fire apparatus and alert firemen have done about all that is humanly possible in the response and action factors of fire control but the

discovery and summons factors are beyond them.

The discovery and summons factors of fire control can be improved in two ways: Manually, by standard watchman's service; and, automatically, by automatic thermotatic fire-alarm systems, and by automatic sprinklers. The automatic ways assure the greatest measure of improvement. The automatic fire alarm "discovers" a fire a few seconds after it begins and immediately transmits an alarm to the fire department—both operations being performed without human aid. This advances response many precious seconds. But the automatic sprinkler system does even more—it does the whole job from discovery to action, and incidentally—if arranged to do it—notifies the fire department that it is in action.

The agencies for preventing and controlling fires exist in every city ready for development and perfection, and what is lacking can be readily imported. The National Board of Fire Underwriters' Committee on Fire Prevention is prepared to tell more than 250 communities in this country what to do to give an accounting of their responsibility for a decrease in the fire waste.

An instrument very necessary to a continuously good effect of the application of laws and ordinances enacted to create conditions

of safety against fire is the occupancy license.

Such a license would prevent the occupancy of buildings for any purposes other than those originally intended until they were remodeled and refitted to comply with the provisions in the law relating to the intended new occupancy; for example: A dwelling house abandoned as such and rented for factory purposes would not be licensed for occupancy until all of the particulars in the laws and ordinances concerning factories had been complied with. Nor could a tenant, who would increase the fire hazard in a factory building, move in until necessary additional safeguards had been provided; nor could some tenants move in some places at all, under the operation of an occupancy license law.

Powell Evans, a public-spirited manufacturer in Philadelphia, who addressed you several years ago, is performing a valuable public service in promoting interest in the occupancy license. At the recent annual meeting of the National Fire Protection Association he proposed a resolution to the effect that it be the sense of that association that "an annual or change of tenancy occupancy license

be adopted by all fire-prevention authorities."

In seconding the resolution Secretary Wentworth said that "if an annual occupancy license law had been in operation in Pittsburgh that paper-box factory fire horror would not have occurred."

We have considered at some length the question of community responsibility as an understanding that is necessary to a proper realization of what is expected of business men. What is expected of business men in accounting for a decrease in the fire waste comprehends what they shall do first for themselves and then for the

community.

What business men can do for themselves in this respect is an old story to most of you. Mr. Meek, of your Association, and Secretary Wentworth, of the National Fire Protection Association, have traveled all over the country telling credit men what to do to be saved from fire. And your official organ teams with practical and helpful information. Many of you represent business men who are among the 50,000 that have conserved the wealth of the nation to the extent of \$3,000,000,000 by protecting their properties from fire with automatic sprinklers. What business men can do for themselves is briefly this: To arrange, equip and care for their properties so that fires will be either prevented or confined and controlled where they begin. And this is necessary before business men can begin to talk to the community.

It has been asserted that business men, the creative element therein, can specify what shall prevail in a community, and, because of this, are responsible for the character of conditions condoned, and, in consequence, are accountable for a decrease in the fire waste. Business men can account for their responsibility to the community by seeing to it that proper conditions of safety prevail and that the constituted authorities are doing all that is possible to decrease the fire waste—that they are doing what is being done in

the best of other communities.

If in every city there were a few business men who would, after every fire, ask themselves these questions: "Has everything been done that can be done to prevent and control fire in this city?" and, "Have we ourselves done everything we can do to bring about proper conditions?" it would not be long before there would be a marked falling off in losses. In other words, if business men would hold themselves personally accountable for what communities suffer from fires, they would go far in accounting for their responsibilities for a decrease in the fire waste. (Great applause.)

PRESIDENT MOORE.—The next order of business is the address by Mr. Bartlette, of New Orleans, on the "National Bankruptcy Act."

"NATIONAL BANKRUPTCY ACT IN PRINCIPLE AND PRAC-TICE," BY T. J. BARTLETTE, NEW ORLEANS

A careful study of the present bankruptcy law shows its two objects to be to free the debtor from the burdens under which he staggers, and to place all creditors on a parity, giving to each an equal proportion, large or small, of the assets.

The Divine Law-Giver recognized one of these objects when He declared that every seven years the debtor should be freed from his obligations and allowed a fresh start in life, leaving the creditor

no remedy.

The Gentiles ignored the principle and the harshest remedies were considered too mild for the unfortunate debtor. Even enlightened England was slow to perceive the economic crime committed in punishing the debtor by depriving him of his liberty, the punishment itself preventing him from repairing the wrong he had committed.

AMERICA PRODUCES GENUINE BANKRUPTCY LAW.

It was left for us of America with our inborn love of liberty to place a genuine bankruptcy law in operation and four times during the life of the nation has the experiment been repeated. The first two laws were passed to meet special demands created by panic, were crude and imperfect and contained only one of the principles for which Americans stand. They were passed for the special purpose of releasing the debtor from the burdens placed upon him through commercial reverses, were hastily devised and having answered their purpose were soon repealed.

As a result of the Civil War, the United States became welded into one nation and began that upward career which places her to-day in the enviable position of being the one neutral power on whom all of Europe depends for the settlement of the momentous questions which must come up before the present conflict can be satisfactorily

disposed of.

Аст ог 1867.

As a further result the demand arose for national laws on national subjects and the bankruptcy act of 1867 was passed but it contained provisions which allowed it to be warped from the original intent of the law-maker and gross abuses grew up under its administration, especially in those states suffering under the evils of reconstruction. The rights of the debtor were guarded, those of the creditor ignored, the universal assignee being the chief beneficiary. Its repeal was a commercial necessity.

STATE LAWS WERE FOR DEBTOR.

During the years which followed, the commercial world suffered the evils of conflicting state legislation in insolvency and all recognized that some uniform system be devised for the protection of credits. Every state sought to protect its own citizens, gave unjust preferences to the local creditor and offered a premium to. dishonesty on the part of both debtor and creditor. In some states the creditor was compelled to accept thirty-three and one-third per cent, of his debt regardless of financial conditions or the true situation of the debtor. In one state the debtor was allowed to sue his creditors for a respite and by properly manipulating the list of his creditors was able to gain an extension which rarely resulted in the payment of the debt in full-the creditor was fortunate who received even one installment of his debt. It was customary at that time for the debtor to give a preference to certain creditors, which was ascertained only when those less fortunate sought to enforce their rights. It was a time when every creditor's hand was raised against the right of every other creditor and court records are teeming with flagrant abuses from which all in turn suffered. The only consolation was that a creditor sometimes got in first and was preferred in class "A" while his competitors were compelled to be satisfied with "B" or "C," which rarely paid even a fraction of a dividend. State laws were framed usually in the interest of the debtor and lost sight of the fact that the interests of both debtor and creditor class are so intertwined that no law inimical to the one can benefit the other.

NEED OF NEW NATIONAL LAW.

The commercial world refused to submit to the abuses which grew up under conflicting state laws and the same spirit which brought to life the National Association of Credit Men operated in placing upon our statute books the present bankruptcy act, the two being the outcome of the same conditions and the same seeking after better government of the credit world.

The present act was drafted with great care and due consideration for the interests of all; the creditor for the first time in bankruptcy legislation being given full consideration. Unfortunately, from motives of policy, it was found necessary to change many of the provisions looking to the more perfect handling of insolvent estates and it was in the effort to correct these deficiencies that various amendments have been passed.

ORIGINAL INTENT.

The original intent was to take possession of the debtor's as-

sets, distribute them as expeditiously as possible and with due regard to the interests of all concerned; handling the estate with even-handed justice and restoring the debtor to full citizenship, it being fully realized that every man should be free to devote his energies to the betterment of his own condition and the improvement of economic conditions in his community. The one requirement is that he should honestly surrender for the benefit of his creditors all his assets except such as are legally exempt.

CHARGES BY OPPONENTS OF LAW.

It is charged by those who oppose the law that its administration is expensive; that a tribe of spoilsmen has grown up and thriven under the protection of the law and that an army of attorneys and court officers is maintained at the expense of the commercial world. It is further claimed that the law opens a door to fraud and is a temptation to the dishonest debtor to defraud his creditors.

ADMIT THEIR TRUTH AND STILL DEFEND IT.

We may admit the truth of these charges and still be justified in our defense of the law. There is no law that does not open the way, under the manipulation of a skillful attorney, to fraudulent practices. There is no law that can make man honest, and this applies equally to the creditor and the debtor. There is no law, state or national, which is not expensive and there is none under which court officers and attorneys do not grow up and multiply.

It is further charged that the immense number of failures in 1914 and 1915, nearly 50,000, with assets of a half billion dollars is chargeable to the bankruptcy law and that a little over seven per cent. of this immense sum has been returned to creditors in the shape of dividends, the remaining proceeds being exacted as a toll in the way of fees and costs. We may admit the figures in this statement without inquiry and still remain loyal to the law.

HIGHEST NUMBER OF FAILURES IN 1915.

1915 has the honor of showing the highest percentage of failures, 19,000, during the present bankruptcy régime. If we go back to the record year—1893—the number would have been nearly

27,000.

What would have been the result under the old conflicting state laws? We have no official records showing the returns to creditors in former days but we do know from statistics compiled by the mercantile agencies that steadily from the year 1898 the percentage of failures has decreased. The average for the sixteen years prior was 1.18, since 1898 it has fallen to .81. The percentage of assets to liabilities was about the same but the experience of those who lived and suffered under the old dispensation shows that equally good results have been obtained under the national law as under the former chaotic administration.

EQUAL JUSTICE.

One feature that appeals to every fair-minded man is that equal justice is done to every one and no one creditor is allowed to enrich himself at the expense of his fellows. It is not the amount we receive, it is the knowledge that we get as much as the other man which satisfies us with the administration of the law.

The preferences allowed by state laws are recognized under the federal administration and therefore the national bankruptcy law is in nowise responsible for the small dividends declared. We must remember that in a very large majority of cases the liquid assets of the debtor have dwindled to the vanishing point before bankruptcy intervenes. This added to the unscrupulous preferences mentioned above eats into the assets that are left. The landlord's lien, the wife's privilege for money claimed to have been lent by her to the husband and of which the creditors had no notice; other secret preferences which suddenly come to light when the debtor goes into bankruptcy; these are some of the causes of the small dividends and at the present time we see no remedy for these abuses.

CARELESSNESS OF THE CREDITOR.

The greatest cause of the small dividend is the criminal carelessness of the creditor himself in failing to give proper attention to his claim in bankruptcy. After he prepares the proof of his claim he apparently bids it good-bye and rests contented with any dividend he receives instead of making a vigorous effort to force those dividends up to a respectable figure.

If there is a credit man among you with a grievance against the law because of its failure to produce results, who can truthfully say that he did his part, that he gave due attention to his claim, pursued the path pointed out by the law for the guidance of the creditor, used every effort to bring to light the fraud or to punish the criminal, refusing to condone the offense for a slight temporary gain—let that man cast the first stone.

NATIONAL ACT A CREDITOR'S LAW.

The national bankruptcy act is essentially the creditor's law. The entire procedure is in our hands and our active cooperation is not only permitted but encouraged. The fate of the debtor, the outcome to the creditor, rests with us and if we neglect our duties, if we permit the dishonest debtor to withhold his assets, if we allow those assets when honestly surrendered to be sacrificed or the proceeds consumed in exorbitant costs shall we throw the blame on the law?

The law does not act automatically. Some hand must put it in motion. If a debtor conceals his assets, the creditor must call the fact to the attention of the court and ask for the punishment of the offender and the demand will be promptly complied with. When the assets are disposed of it is for the combination of the creditors, not in restraint of trade, to see that those assets bring the proper value.

It is not the business of the court to take notice of excessive charges, but it will reduce them on a proper showing by the creditors.

Every judge or referee who has spoken on the subject bewails the amazing indifference on the part of creditors to their own interests in bankruptcy and urges them to take advantage of the means the law provides for the proper administration of the estate.

The splendid results obtained in numberless cases handled by our adjustment bureaus throughout the country show what can be done if we only do our duty. In one state recent figures show that nearly seventy per cent. on \$9,000,000 was paid in insolvency and

this was done by concerted and intelligent action on the part of the creditors interested.

It would seem that the old fight between state rights and federalism coupled with the selfish, may we not say the dishonest, desire to gain an unjust preference is at the root of all the complaints made against the national bankruptcy law. It is conceded by its most vigorous opponents that the law is good in freeing the debtor from his burden but just as soon as that object is accomplished the law itself should be repealed. If this view is correct, would it not be better to hark back to the days of Moses and enact a law which provided as did his for the freeing of the debtor at stated periods? Seven being one of the cabalistic numbers was selected by Moses as the time during which a debt could exist and at the end of which the debtor was freed. Our friends should substitute ten instead, inasmuch as that seems to be the limit of our trade cycle, at the end of which comes the financial panic.

PANICS-A STATE OF MIND.

Panics are described as a state of mind and we have learned but one thing about them—that is the certainty of recurrence—we do not know the cause. We may adopt the learned sun-spot theory, we may incline to the socialist who claims they are due to our capitalistic system, the antagonism between the social production for social purposes and the individual appropriation for individual profit, or we may frankly confess our ignorance of the cause but must prepare ourselves for a repetition of the troubles suffered in the past. It is claimed that the new currency bill and banking laws have made it impossible for this country ever to experience another panic. Is this true?

If history teaches us anything, it shows that we are in nowise released from the fear of panic by the substitution of a sound financial system for the loose methods from which we have suffered from the beginning of our government.

FEDERAL RESERVE ACT.

The federal reserve act is worthy of the highest admiration. It places our country on a par with the great nations of Europe and there is no doubt it will prove as effective in a financial crisis as the great banks of England, Germany and France, but we know that even these great institutions were not able to suppress panics during the last century. In spite of the almost perfect adjustment of the currency problem, these crises or financial panics have occurred in these stable governments in nearly every decade from 1815 to 1907 and we can only hope that our present system will prove as efficacious in lessening the evils of the crisis and come to the assistance of the deserving as the great banks of Europe have done in the past.

But in order that the federal reserve system should serve its purpose we must have the means of discriminating between safe and unsafe credits and we must have a national law guaranteeing equality and uniformity in the administration of insolvent estates.

If we are to go back to the dark ages of credits, what are we to have in place of the present free interchange of credit information when every ledger is open to the inspection of our credit bureaus for the benefit of friend or competitor alike? Must we have

again the old conditions of fear and suspicion under the conflicting state systems with their unjust preferences and secret liens? Can the federal reserve system serve the purposes for which it was intended if chaos is again to reign in our handling of insolvencies?

With what assurances can the banker come to the assistance of a deserving institution unless he knows that in the event of trouble all will be treated alike. Just here is where the law appeals to every fair-minded man because each one shares ratably. Be it large or small, each receives his portion. All are assured of a square deal.

MUST HAVE NATIONAL LAWS FOR RAILROADS—BANKS—COMMERCE.

We have learned after many hard struggles that in union there is strength; that the nation must have nation-wide laws for the government of its railroads, its banks, its commerce. We have worked for years to place upon the statute books of the various states uniform laws regulating bulk sales, negotiable instruments, the punishment of false financial statements, and must we now see our work undone, must we be relegated to the dark ages of credits by the repeal of the bankruptcy law? The question answers itself-we cannot afford to go back. All the principles for which this great Association stands are found in the law. We pride ourselves on being the brains of the community, upon being the product of the best effort in the best portion of the nineteenth century; carrying out on scientific principles the methods best adapted to securing credit and avoiding the pitfalls set for us not only by the dishonest seeker after credit but by the inexperienced worker who turns to merchandise from the vain desire of getting something for nothing. We know that the same conditions which brought us into being brought also a scientific law for our protection—a law which in its inception sought to reduce the numerous contradictory statutes on the subject of insolvency to a reasonable scientific principle founded on right and having in view only the greatest good to the greatest number, to preserve the rights of the debtor and creditor alike for the best interests of the community at large. (Great applause.)

PRESIDENT MOORE.—There is next before us the report of the Bankruptcy Committee and in the absence of the chairman W. M. Kennard, of New York, the report will be presented by Mr. Koelsch, the president of the New York association.

REPORT OF COMMITTEE ON BANKRUPTCY LAW

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Committee on the National Bankruptcy Law has been throughout the year in strong currents both favorable and unfavorable to the act, and, with the comprehensive fairness that should distinguish the work of the committee, the first plan to which its efforts were bent was the assembling of conclusions, recommenda-

tions and ideas through various channels, partial and impartial, by which might be located and understood every point of approval and

disapproval.

Using the National office for the assembling process, communications were directed to federal judges, referees in bankruptcy, attorneys, local committees on the bankruptcy act, and members of the association known to have strong convictions on the subject.

Therefore, at the very outset of the year's activities, your committee was permitted through this clearance to come directly into touch with what administrators of the law and credit grantors were thinking of it throughout the various districts of the country.

There emerged also an association organized, according to its publications, for the specific purpose of bringing about a repeal of the National Bankruptcy Act. With the same spirit that governed your committee in its other inquiries, desiring to know why credit grantors announced as vice-presidents of this organization were unfavorable to the act, a correspondence ensued that brought into the committee's files a fund of interesting information, none of which, however, in the judgment of your committee, after a very careful study and analysis, would seem to justify a reversion to state insolvency systems.

Your committee of the previous year had anticipated the development of certain tendencies unfavorable to the act that would have to be reckoned with, tendencies not arising from reasons related entirely to its merits as a national insolvency system. It would not be possible, within the scope of this report, to present in detail the general points of dissatisfaction, or state why some credit grantors seek a repeal of the act, but it will prove instructive and very proper to touch upon several of the more important matters, all of which your committee hopes to do with complete

fairness.

It has been claimed by some that the National Bankruptcy Act was passed as a means of relief for debtors made poor by the panic of 1893, and not as a perpetual statute. This contention your committee feels is within its powers to deny, for, inasmuch as the National Bankruptcy Act represents one of the first efforts of the National Association of Credit Men, we know that those who strove for its enactment had nothing in mind but a perpetual statue upon which could be founded a stable and flexible credit system.

The act is charged with the encouragement of commercial fraud. This charge, in the sincere opinion of your committee, cannot be sustained, and it may be explainable for the reason that the act uncovers fraud. Therefore, fraud becomes more prominent as a factor of commercial credits; whereas, prior to the enactment of the statute in 1898, fraud was not subjected to such close scrutiny, but, in proportion to the total of credit distribution, was larger then than in any period since the enactment of the law.

The small dividends received in recent years, especially in 1915, afford one of the principal indictments of the disaffected; but, without entering into an academical discussion of this subject, your committee is sure that a critical analysis of the report of the Attorney-General of the United States will show factors other than

the National Bankruptcy Act responsible in the very largest measure for small distribution to unsecured creditors in bankruptcy cases.

That the act has increased, rather than diminished, failures can also be refuted, because statistics show that the proportion of loss by bad debts prior to 1898 was larger than in any year since the enactment of the law, including the serious years of 1908 and 1915.

In the judgment of your committee, one of the contributing reasons to unrest is that a large proportion of the credit men have had experience with none other than the National Bankruptcy Act, and do not know what disorder and unsystem controlled while state insolvency systems governed the administration of insolvent estates.

Your committee could speak at length regarding the indifference of creditors in not availing themselves of certain privileges for their protection under the act, of not meeting the obligations imposed upon them by the act. Should it happen that a more consistent course of action were to occur, and creditors were represented effectively in all bankruptcy cases, improvement in distributions would follow, and it would be demonstrated, in the judgment of your committee, that the act as at present framed can give protection not generally discerned by creditors. Efforts for its further amendment, therefore, should be proceeded with most discreetly and after very thorough study.

Your committee believes it were a wise policy of the National Association of Credit Men, and therefore recommends, that opposition should be met with great patience, and every effort exercised to have the law's opponents understand that a stable and flexible credit system must rest on the principles of the National Bankruptcy Act, and that to revert to insolvency systems would be to court retrogression and chaos in credit matters that would seriously

affect the national welfare.

With these frank statements and points of information, your committee begs to report that, with a very complete knowledge of its responsibilities, and following the recommendations of the preceding committee adopted unanimously at the Salt Lake City convention, there was called into conference by the committee's chairmen a number of men, including the New York unit of the committee, for the purpose of carrying forward a systematic, unprejudiced and intelligent study of the act and its practice.

At the first conference four sub-committees were appointed on the following subjects:

(1) The penal features of the act.

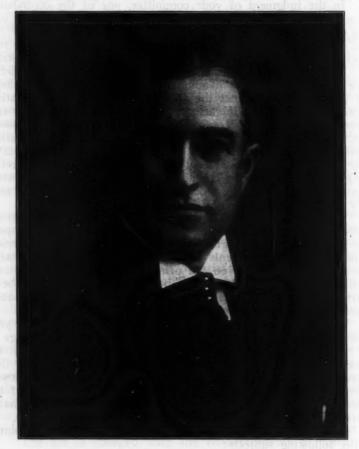
(2) Legal preferences and the definition of insolvency.

(3) Discharges.

Economies and efficiencies.

The four sub-committees entered upon their tasks with a knowledge of what was expected of them. It is a pleasure to testify that no work within the knowledge of your committee received more conscientious treatment than did that imposed upon these sub-committees.

Several conferences were held at which tentative reports were submitted, and just recently the reports in final form were submitted to the conference and unanimously accepted. The reports and recommendations of the four sub-committees are offered as the basis of an effort to amend further the National Bankruptcy Act and its practice; and, while adding to the length of this report, yet it appears proper to your committee that the recommendations of the four sub-committees be given in detail, though their explanations for each recommendation will not be incorporated in the report. They are on file at the National office,



W. M. KENNARD
Graupner, Love & Lamprecht, New York, N. Y.
Chairman Bankruptcy Law Committee

and copies can be obtained upon request by interested members or associations.

The sub-committee on the penal features of the act recommended the following amendments. This committee was under the chairmanship of Julius Henry Cohen, a counsellor of the National Association.

Section 29-B, Subdivision I, to be amended as follows:
"A person shall be punished by imprisonment for a

period not to exceed two years, upon conviction of the offense of having knowingly and fraudulently concealed while a bankrupt, or after his discharge, from the officer of the court charged with the control and custody of the property belonging to his estate in bankruptcy, any of the property belonging to the said estate in bankruptcy." Section 29-B, Subdivision 5, to be amended as follows:

"A person * * * request, or solicit, or obtain, or attempt to obtain, any money or property from any person as a consideration for acting, or forbearing to act, in

bankruptcy proreedings."

Subdivision D amended, making it Subdivision E of Section

29, to read as follows:

"A person shall not be prosecuted for any offense arising under this act unless the indictment is found, or the information is filed in court, within three years after the commission of the offense, except where the person is absent from the jurisdiction, in which case the time during which the said person is so absent from the jurisdiction shall not be a part of the period of limitation prescribed herein."

Section 29, Subdivision D, to be changed to Section 29, Subdivision E, and the following substituted in place of Section 29,

Subdivision D:

"29 (d) No attorney at law shall himself solicit, nor employ any runner, solicitor, agent or representative of any kind for the purpose of obtaining or inducing the placing in his hands or in the hands of any firm of which he is a member any claim or proxy in bankruptcy, nor shall such attorney pay any consideration or offer any inducement, directly or indirectly, for the placing of any bankruptcy claim or matter with him or such firm; nor shall he divide any compensation received by him for services in a bankruptcy matter with any one not admitted to the practice of the law.

"A person violating this provision shall be punishable by imprisonment not to exceed two years, or fine not to

exceed five hundred dollars."

The sub-committee on legal preferences and the definition of insolvency, of which Henry C. Quinby, a counsellor of the National Association, was chairman, recommended the following amendments to the act:

Amend Section 60, Subdivision A, by adding to the end

thereof the words "or permitted."

"(6) suffered or permitted, while insolvent, any creditor to obtain directly or indirectly such a preference over his other creditors of the same class as is by this act either void or voidable; or (7) suffered or permitted, while insolvent, any creditor to obtain a preference through legal proceedings and not having vacated the same at least five days before the expiration of four months from the date of obtaining such preference."

Subdivision 15 of Section 1 to be amended to read as follows:

"(15) a person shall be deemed insolvent within the provisions of this act whenever the aggregate of his property, exclusive of all property exempt by statute from execution unless such exemption be permanently waived as to all then existing creditors, and also exclusive of any property which he may have conveyed, transferred, concealed or removed, with intent to defraud, hinder or delay his creditors, shall not, at a fair valuation, be sufficient in amount to pay his debts."

The committee on discharges, of which Julian A. Gregory, counsellor of the New York Credit Men's Association, was chairman, recommended the following amendments. The report of this

committee was a majority, not a unanimous, report:

Amend Subdivision B of Section 14 of the act to read as

follows:

"(b) The judge shall hear the application for a discharge and such proofs and pleas as may be made in opposition thereto by the trustee or other parties in interest, at such time as will give the trustee or parties in interest a reasonable opportunity to be fully heard, and investigate the merits of the application and discharge the applicant unless he has

"(I) committed an offense punishable by imprisonment as

herein provided; or

"(2) with intent to conceal his financial condition destroyed, concealed, or failed to keep books of accounts or records, from which such condition might be ascertained. If, upon the application for a discharge, any party in interest shall oppose the discharge upon the ground that the bankrupt, with intent to conceal his financial condition, has destroyed, concealed, or failed to keep books of account, or records, from which such condition might be ascertained, the burden of proving that there was no intent to conceal his financial condition shall be upon the

bankrupt; or

"(3) obtained money or property on credit upon a materially false statement in writing, made or caused to be made by him either directly or indirectly, or through any agency whatsoever to any person or representative for the purpose of obtaining credit from such person. If upon the application for a discharge objection shall be interposed that the bankrupt has made or caused to be made such a statement for such purpose, and said statement is produced and proved to have been made or caused to be made by the bankrupt for such purpose, the burden of proving that such statement was not materially false shall be upon the bankrupt: or

"(4) at any time subsequent to the first day of the four months immediately preceding the filing of the petition, transferred, removed, destroyed or concealed, or permitted to be removed, destroyed or concealed any of his property with intent to hinder, delay or defraud his creditors. If upon the application for a discharge it shall be proved by any party in interest that at any time within said period the bankrupt transferred, removed, destroyed, concealed, or permitted to be removed, destroyed or concealed,, any of his property, the burden of proving that such property was so transferred, removed, destroyed or concealed without intent to hinder, delay or defraud his creditors shall rest upon the bankrupt; or

"(5) in voluntary proceedings been granted a discharge in

bankruptcy within six years; or

"(6) in the course of the proceedings in bankruptcy refused to obey any lawful order of or to answer any material question approved by the court; Provided, that a trustee shall not interpose objections to a bankrupt's discharge until he shall be authorized so to do at a meeting of creditors called for that purpose."

The sub-committee on economies and efficiencies, of which Harold Remington, counsellor of the National Association of Credit Men, was chairman, recommended the following amendments to

the act:

"Section 40—COMPENSATION OF REFEREES.

(a) Referees shall receive as full compensation for their services, payable after they are rendered, a fee of \$15 deposited with the clerk at the time the petition is filed in each case, except when a fee is not required from a voluntary bankrupt, and \$.25 for every proof of claim filed for allowance, to be paid from the estate, if any, as a part of the cost of administration, and from estates which have been administered before then, one per centum commission on all moneys disbursed to creditors by the trustee, or turned over to any person, including lienholders, or one-half of one per cent. on the amount to be paid to creditors upon the confirmation of a composition."

"Section 48, the final clause of paragraph 'a' and the second clause of paragraphs 'd' and 'e' should be eliminated and there should be substituted therefor the following: 'And in case of the confirmation of a composition, after the trustee has qualified, the court may allow him commissions upon the consideration disbursed to creditors or turned over to any person, including lienholders, by him, not to exceed the same rates which would have been allowed to him had the estate been administered in bankruptcy.'"

Section 18 to be amended to read as follows:

"Section 18—PROCESS, PLEADINGS AND AD-JUDICATION: (a) Upon the filing of a petition for involuntary bankruptcy, service thereof with a writ of subpoena shall be made upon the person therein named as defendant in the same manner that service of such process is now had upon the commencement of a suit in equity in the courts of the United States, except that where an assignment for the benefit of creditors or a receivership, cognizable under Sections 3 (a)-4 of the Bankruptcy Act, is the act of bankruptcy set forth in the petition, then that it shall be returnable within two days, and in all other cases that

it shall be returnable within fifteen days, unless the judge shall for cause fix a longer time."

This sub-committee further recommended the following amendments to the Supreme Court's General Orders in Bankruptcy:

"35 (a) APPOINTMENT OF SPECIAL MAS-TERS: Except in ancillary proceedings in another district and where an ancillary referee has not been appointed, the court shall not appoint special masters to consider petitions for reclamation from the possession of the Bankruptcy Court nor for the marshalling of liens upon real or personal property in its possession or control, nor for surrender of possession to the receiver, trustee or marshal, nor in any other case where the Bankruptcy Court has the possession, custody or control of the property involved, nor in any other case where a referee in bankruptcy as such might have jurisdiction; but the court may appoint special masters, and the referees shall not be disqualified to act as such, to consider contested petitions for adjudication of bankruptcy, for a discharge and for confirmation of compositions, and may also appoint them on contempt and independent plenary suits instituted in the District Court under favor of the Amendment of 1903."

"35 (b) ATTORNEYS' AFFIDAVITS ON COM-POSITIONS: The court shall require each attorney receiving allowance by the court in composition cases and in cases of settlement of bankruptcy proceedings, and also each attorney waiving such allowance, to make affidavit to the amount of his fee and further to make oath that he has not received, either directly or indirectly, and has no arrangement for receiving, either directly or indirectly, for himself, his firm or any client, any other or further compensation or bonus from any person by virtue of the composition or settlement."

"35 (c) CREDITOR'S RECEIPT ON COMPOSI-TION: In composition cases or where a bankruptcy case is settled, each creditor receiving consideration disbursed under order of the court shall sign a receipt declaring that he has not received, and has no undertaking or agreement to receive, from either the bankrupt or any other person, any other or further consideration in the composition than that receipted for."

"35 (d) CREDITOR'S DIVIDEND RECEIPT: Each creditor receiving dividends shall sign a receipt declaring that he has not received and has no understanding or agreement to receive, directly or indirectly, from either the bankrupt or any other person, any other or further consideration than that receipted for."

"35 (e) REFEREES' ACCOUNTS OF EX-PENSES: Referees shall keep an itemized account of their actual expenses and all the moneys paid them to cover expenses and shall report the same to the District Court during the first thirty days of January of each and

every year. It shall be the duty of the District Court to make such rules for the payment of the referee's expenses as will, as nearly as possible, cover the actual expenses and no more; and any surplus of expense money received during one year for the expenses of that year shall be deposited in court to be drawn upon for the payment of any deficit of such expenses that may occur in the future, unless such excess be otherwise disposed of by order of the court."

"35 (f) ATTORNEYS' EMPLOYMENT AND FEE BILLS: No attorney for the receiver or trustee shall be entitled to an allowance out of the bankrupt estate unless his employment shall have been duly authorized by the court, upon showing made to the satisfaction of the court of the necessity of such employment; and no fee whatsoever shall be allowed out of the estate to the attorney for the petitioning creditors, bankrupt, receiver, trustee or any other person unless the same be fully itemized and the value of such item set forth in detail."

This committee expresses itself also as favoring an amendment to the act that will allow to a creditor successful in his opposition to the confirmation of composition, 'reasonable attorneys' fees and other necessary expenses out of the estate.

It is the judgment of your committee that the recommendations of the four sub-committees, detailed above, and their arguments for which recommendations are most interesting and convincing, evidence a degree of discretion and appreciation of the responsibilities devolving on your committee that is most commendable.

Your committee offers these recommendations with full approval, but, before taking action looking to the further amendment of the act and its practice, the incoming committee may wish to review the recommendations and receive suggestions from members who are anxious that their conclusions and ideas may be considered. Your committee, however, recommends very great care to the incoming committee in considering the subject, for so much rests with the creditor, both in the exercise of proper caution when granting credit and of proper vigilance and cooperation when the credit becomes disordered, that to bring in the better order of things the foundation must first be fixed, and that foundation is surely with the creditor himself.

Your committee has a sense of great gratitude to those who gave it such masterly assistance. To the many judges, referees in bankruptcy, attorneys and local committees that have responded so cordially and explicitly to its communications its thanks are extended. While many currents are unfavorable to the act, yet the committee believes sincerely that it is but a temporary dissatisfaction, and that there will be ushered in a unity of sentiment for the enduring necessity of a National Bankruptcy Act.

In conclusion of this report, your committee begs to offer the following resolutions:

1

"Resolved, By the National Association of Credit Men in convention assembled, that its belief in the value and necessities of a

National Bankruptcy Act be and is hereby reaffirmed, and with the hope that while complete accord does not exist at present as concerns this subject, yet, by patience and diligence there may be brought in a unity of sentiment and a recognition that our credit prosperity is indissolubly related to uniformity and equality in the administration of insolvent estates.

II

"Resolved, That the incoming committee on the National Bankruptcy Act be urged to exercise its best powers in publishing features and facts related to the act that demonstrate its value and may prove convincing to the disaffected.

III

"Resolved, That the recommendations of the four sub-committees acting under the direction of the chairman of the committee, as incorporated in this report, be and are herewith accepted as the basis for further effort to amend the act and its practice, and that these reports and recommendations form the basis of the efforts that will be made by the incoming committee to fulfill the ideas and convictions of this and former conventions.

IV

"Resolved, That a copy of this report and resolutions be furnished with every possible promptness by the incoming committee, and with the assistance of the secretary of the National Association, to each member of the two houses of Congress."

Respectfully submitted,

W. M. KENNARD, New York, Chairman. WILLARD HAFF, New York. ROBERT J. WALL, New York. C. S. Caston, Vice-Chairman, Baltimore. HERBERT H. OWENS, Baltimore. E. ASBURY DAVIS, Baltimore. A. H. Halff, Vice-Chairman, San Antonio.

Jake Wolff, San Antonio.

H. A. Hirshberg, San Antonio. BOLLING H. JONES, Vice-Chairman, Atlanta. E. L. Adams, Atlanta. LEROY GREGORY, Atlanta. J. E. DILWORTH, Vice-Chairman, Memphis. W. B. CLEVELAND, Memphis. A. S. Ullathorne, Memphis. L. R. REESE, Vice-Chairman, Huntington. DAN C. STATON, Kenova, W. Va. C. C. GARRETT, Huntington. F. R. HAMBURGER, Vice-Chairman, Detroit. GEORGE R. TREBLE, Detroit. O. A. Montgomery, Detroit. RALPH S. STACY, Vice-Chairman, Tacoma WM. SCHLARB, JR., Tacoma. A. B. Love, Tacoma.

Mr. Koelsch moved the adoption of the report.

PRESIDENT MOORE.—You have heard the report of the committee and the resolutions. We will act on these resolutions singly. The secretary will read Resolution No. 1.

The secretary read the first resolution, it was seconded by Mr.

Hall, of Dallas, and carried without discussion.

The second resolution was read, seconded by Mr. Snyder, of Philadelphia, and carried without discussion.

The third resolution was read and seconded by Mr. Robertson,

of St. Louis.

MR. HALL, Dallas.—If we are taught anything by impartial history, it is that if power is conferred upon one man or a few men, it is subject to abuse. That is recognized in the report of the committee in which they seek to present an amendment to the law having for its object the reduction of expense of administration. You ask a man who announces himself as opposed to the bankruptcy law: "Are you opposed to the equality that it gives to creditors, that all share alike?" "No." "Are you opposed to the discharge of the honest debtor who surrenders all his property to the creditors?" "No." "Then what is your basis of opposition?" He will tell you it is the expense. "How is this expense incurred?" "I do not know, but it is expensive." "Is it the expense of the trustee?" "No, because the law fixes the limit of the trustee's fee." So then we get down to one proposition, that the expense is largely the result of excessive attorneys' fees.

The amendment offered by the committee says:

"No attorney for the receiver or trustee shall be entitled to an allowance out of the bankrupt estate unless his employment shall have been duly authorized by the court, upon showing made to the satisfaction of the court of the necessity of such employment; and no fee whatsoever shall be allowed out of the estate to the attorney for the petitioning creditors, bankrupt, receiver, trustee or any other person unless the same be fully itemized and the value of such item set forth in detail."

That proposal offers a remedy for the situation, because it leaves it to the referee to fix any fee he desires to fix. It also says that the attorney must render an itemized account. What trouble would it be for an attorney to make an itemized account—"John Jones' estate, fifteen hundred dollars, ten dollars a day." It would not be a hardship and I claim that the creditors should have a veto power, that the amount should be fixed at law, just as the trustee's

fees are.

I can cite you an instance where an attorney was allowed nine hundred dollars for a few minutes' work in drawing up the papers, and the receiver, who spent several months in liquidating the estate, received but two hundred and fifty-two dollars. So the fault with the law is the allowance of excessive attorneys' fees. With that in view, I move you that we substitute for Subdivision 35-f, the following resolution, which I will send up to the secretary.

Secretary Tregoe.—Mr. Hall, of Dallas, offers the following substitute for the recommendation of the sub-committee incorporated

in the report of the entire committee:

"Resolved. That the recommendation contained in Subsection

35, Subdivision F, of the committee's report be changed to read as follows: 'Attorneys' Employment and Fee Bills: No attorney for the receiver or trustee shall be entitled to an allowance out of the bankrupt estate unless his employment shall have been duly authorized by the court, upon showing made to the satisfaction of the court of the necessity of the employment; and no fee shall be allowed out of the estate to the attorney for the petitioning creditors, bankrupt



JNO. E. NORVELL

Norvell-Chambers Shoe Co., Huntington, W. Va.

Director

receiver, trustee or any other person greater than the trustee would be entitled to receive for liquidating the estate except upon approval by the creditors of the estate whose claims shall aggregate at least fifty per cent. of the indebtedness in amount." (Applause.)

MR. KELIHER, San Francisco.—I agree with Mr. Hall, who preceded me, that the way to reach the abuse of large attorneys fees is by regulation and the establishment of a sliding scale of charges. In California, in the administration of deceased estates,

the executors' fees and the administrators' fees are regulated by a sliding scale of charges. It is a reasonable scale. The attorney for the executor or administrator is subject to that same regulation.

I think at last year's convention there was a recommendation by the bankruptcy committee that the fees of an attorney for a trustee should be regulated in the same way. Now, when the administration of your estates is handled by your adjustment bureaus, the creditors do not find much fault with the size of the fees allowed by the referees in bankruptcy because they usually have an outsider representing their interests. The referee may be too generous to the practising attorney who may come from his own town, whereas the adjustment bureau's attorney comes from an outside town or city. The adjustment bureau attorney has his remedy. He can appeal to the United States district judge in the city where the district court is located.

I think if you had this sliding scale of charges, the majority of the legal profession would welcome it, for it would mean an end to a disgraceful scramble for attorneys' fees, the putting in of bills that no conscientious attorney should put in, and it would bring a greater respect for the bankruptcy act and for the people who

endeaver to administer it. (Applause.)

MR. FLANNERY, New York.—I hope the substitution offered will not prevail. Your committee has gone into this problem exhaustively. As you have been informed, they have conferred with the judges of the circuit court of the United States, with referees, with district attorneys of the United States, and this very matter was presented and duly considered and the conclusion arrived at was that it would be unprofitable to introduce it.

I will be frank to say that if I had a voice, I would prefer that the federal government take over bankrupt estates just as it takes over national banks when they are in bankruptcy, but that is a step

we cannot take at this time.

Your committee, as I said, has gone into the problem before us carefully. They have convinced nearly every man that came in contact with them that they have arrived at the best result that can be accomplished, and I am going to say again, do not try to do too much. If you cannot get the whole cake, take a part. Do not try to do too much, and I hope that the amendment offered will not

prevail. (Applause.)

MR. ELLIS, Pittsburgh.—I hope the amendment may not prevail for the very reasons the previous speaker named. Your committee spent months upon months and in large part went over this matter, and this report was not made up of hasty conclusions. It represents the best thought of the best men of the time, and when you boil it down, it is the creditors' fault that these large fees prevail. They have it within their power to take remedial action, and if they are indifferent to them, they will have to pay the price.

I have had some experience in these insolvent estates. I find that creditors are at fault largely when these large fees are taken up, and if they would put their interests in the hands of parties who would look after them or look after them themselves, they would have little or no fault to find in the present bankruptcy law, although it could be amended in some particulars to advantage.

MR. KNAPP, Portland.—For the reasons advanced by the speakers from New York and Pittsburgh. I, too, would very much deprecate seeing the substitution offered adopted. The reason that expenses are high is not because the attorneys' fees are high. The reason why dividends do not come through bankruptcy is not that the attorneys' fees are paid. The reason there are no dividends coming from the bankruptcy cases is that there were no assets from which to get them. (Applause.) An abstract has been made of all the cases closed in the state of Oregon in 1915, and there were 394. In 194 cases there were absolutely no assets. Where there are no assets there are no dividends. Only where there are assets does the administration of the estate fix the dividends. Of the balance of the cases, the assets of many were so meager that by no amount of litigation could there have been any dividends.

Now, when the adjustment bureaus want a case put in bankruptcy, they do not want it fixed so that a good lawyer cannot do the work. We want the scale of fees so fixed that when we do need the bankruptcy court, we can get good legal advice. (Applause.)

MR. MEEK, New York.—Having been rather closely identified with the constructive work of this Association in connection with the adoption of the national bankruptcy act and its subsequent amendments, I desire to say these few words.

When our Association was originally organized and we went to Congress to ask for a uniform system of bankruptcy, Congress told us to write the law and bring it to them for consideration. Those who had the matter in charge at that time fulfilled this mission delegated by Congress and the original act was passed. Upon two occasions, representatives of this organization went to that same body for the purpose of securing certain amendments. They were received. These amendments were adopted and the organization has done a great piece of constructive work. We are now approaching a third period when some further amendments appear to be required.

The committee that has had this under consideration, and I happened to serve on one of the sub-committees, has given the treatment of the subject the most intelligent work of any of the committees who have been placed in charge of such matters, and while I do not agree entirely with some of the suggestions contained in the report, I am willing to accept it as the best thought of the

majority of the Association.

Now, as far as the amendments which are proposed at this time are concerned, I believe that possibly some may come which have some merit and which should be given consideration, but I believe that the best way to approach the subject is for the proposer of this amendment to ask that it be accepted by this body and be referred to the incoming committee with a recommendation that that committee give it their serious consideration. I am sure it will receive the right kind of treatment. Besides, I believe that some very good thoughts will come out of this body in a similar way, but that they should be digested and studied in a collateral sense by the committee which will come in on the new administration.

MR. WHITE, Chicago.—There is no doubt that the work of this committee has been carefully thought out, and at the same time there

is no doubt that there will be other valuable thoughts brought forward in the further discussion of the subject. For myself, I object to the universal arraignment of the creditors for not doing their duty. (Applause.) The creditors are generally small and scattered. Their interest in the estate does not justify their following up by the employment of attorneys that will go through all the intricate points in following a case through and seeing that assets are all

turned in and that proper administration prevails.

Personally, I believe that the weakness lies in the fact that we do not fix the responsibility of proper administration where it should be fixed, that is in the trustee and the receiver before him. The work of the trustee, aside from the mere collateral right of the debtor to a discharge, is altogether in the interests of the creditors, and it should be his duty to see that the rights of the creditors are protected, and it should be the duty of his attorneys to follow that out and see that the rights of all creditors are protected and that other attorneys should not be required except where there is a conflict of interest. Notwithstanding that, I believe we are making progress.

I do not know anything about the requirements of law. My impression is that that could be brought about by the rules to be revised by the courts without going to Congress for an improvement or amendment of the law. The work, however, is progressing and it seems to me that it would be a mistake for this convention to undertake to set down an order or instructions for the incoming committee that undertakes to fix the working out of the details.

I believe that the courts and the referees in bankruptcy will interpret the point of requiring an itemized account literally and that if we fix the responsibility on the trustee first, next on the referee and further on the court, to supervise they will see that not only are these charges properly itemized and in reasonable amount, but they will see that the work has been done which these charges are based on. I think that that is all we should require.

I believe in employing attorneys where attorneys are needed, and when we do employ them, I believe in paying them well for what they do and nothing for what they are. The fact that the estate is large does not justify a large fee unless the attorney does

large work.

I thank you for this consideration, and I would like to add that I would prefer that the resolution be adopted as originally read. (Applause.)

MR. SNYDER, Philadelphia.—Do I understand that Mr. Meek's

suggestion was in the form of a motion?

MR. MEEK.—That is what I had in mind.

MR. SNYDER .- I second the motion.

Secretary Tregoe.—Will the convention take cognizance of the fact that this amendment does not refer to the law itself but to the rules of practice promulgated by the Supreme Court of the United States? Therefore, this amendment does not involve an approach to Congress but an approach to the Honorable Justices of the Supreme Court of the United States.

MR. HALL, Dallas.—The National Association of Credit Men

has stood up as a friend of the bankruptcy law in the face of an ever-increasing sentiment demanding its repeal. It has pointed out its good features. The creditors have stood by and have seen excessive attorneys' fees increased from day to day, and there is not a man within the sound of my voice that has not had a claim in bankruptcy in which at some time he has felt that excessive attorneys' fees have been allowed.

Now, is it for you, as honorable, upright, intelligent credit men, to come up here and say that you should not have the veto power over what should be done with your own money represented in bankruptcy estates? What I want to do is to make the amendment apply just as the law applies to receivers' and trustees' fees, and they are fixed by the law. We go out and get some of the best business men in our communities to act as trustees and receivers, and the law says, "You do two and a half months' work in liquidating this estate and you will be allowed two hundred and fifty dollars. You do that and be satisfied with it." I am speaking of an incident I know of. The attorney walks in, writes a petition in thirty minutes, and takes a fee of fifteen hundred dollars.

Are you going to countenance that? If you do, I warn you that you are working for the repeal of the national bankruptcy law. As friends of the national bankruptcy law, you must stand as being the people who are going to reduce the expense of administration. Just as long as you leave it up to the referees in their judgment to fix the amount of fees, so long are you going to have a cringing set of attorneys and another set who know hardly anything at all, and you are going to bring about the very condition that will lead to the repeal of the bankruptcy law. If you cannot intelligently pass upon what the amount of attorneys' fees should be, it means that you are not capable of running your own business. (Applause.)

Mr. Keyes, Tacoma.—I want to say a word in response to the delegate from Dallas. If I were an attorney and should happen to be employed by him, I would want to know ahead of time what he is going to pay me, or if that were not determined, I would not want to leave it to him to fix the compensation after services had been performed. That is the object of this rule, to leave it to some disinterested party to fix the value of those services—namely, the referee.

The evils of which the speaker complains can all be remedied, very easily remedied, if he will attend and creditors will attend the final meeting of creditors when these fees are allowed. No referee, in the face of objections by creditors, is going to allow an attorney an exorbitant fee. To my mind, it is absurd to say that you can fix an attorney's fee by a certain percentage basis. The trustee's duties are about the same in all cases and in proportion to the size of the estate are his fees regulated, but the attorneys' fees are entirely different. He may have very arduous duties to perform in estates that have very small assets. For that reason, you should not necessarily pay him a small fee, but you should pay him according to the services performed.

If the creditors are present at the final meeting when these fees are allowed, there is not a referee in the United States, in the face of

objections, who will allow an exorbitant fee. It is therefore up to the creditors. Furthermore, if the claims are handled through the adjustment bureau, the bureau will see to it that no exorbitant fees are charged. It is in those cases where the claims are handled through other attorneys that exorbitant fees have been charged, and that again is the fault of the creditors.



F. H. RANDEL
American Stove Company, Cleveland, O.
Director

(Cries of "Question" from the convention.)

PRESIDENT MOORE.—The question before you is on the motion of Mr. Meek, seconded by Mr. Snyder, to refer this proposal to the incoming committee.

The motion was carried.

MR. KELIHER, San Francisco.—I want to recommend to the consideration of the incoming committee what, in my experience,

will amount to a great saving for nearly every involuntary bankruptcy proceeding. In this report there is a reference to Section 18, reading:

"Upon the filing of a petition for involuntary bankruptcy, service thereof with a writ of subpoena shall be made upon the person therein named as defendant in the same manner that service of such process is now had upon the commencement of a suit in equity in the courts of the United States."

Let me illustrate how that works out. In the state of Nevada, we have one district court located at Carson City. If an involuntary bankruptcy petition is filed, under this provision the usual thing is for the marshal to make service of the process. In Nevada, in many instances, the process must be served three hundred and fifty miles away. If this marshal serves that process, it costs you seventy-five dollars or more to deliver a piece of paper to the man. If Mr. Man is not at home, the marshal returns to Carson City and waits until he gets another tip and then maybe spends another seventy-five dollars.

You do not have quite as bad a situation in more thickly populated states or districts of the United States, but you always have

it more or less.

The answer may be made that the attorney; if he knows what he is about, should file a petition and ask the United States district judge to designate a sheriff or a constable as a qualified person to serve process. Then all the attorney for the petitioning creditors has to do is to forward the papers to the constable or sheriff and he only has to travel, as a rule, a few miles. However, I have found in my experience that the United States district judges hesitate to grant such an order. The marshal will be without his fee and will become disappointed and will want to give up his office.

I seriously recommend to the incoming committee an amendment that will strike out that provision to the service of process according to the equity practice. It will be a great saving to all bankruptcy

estates. (Applause.)

MR. MASTERS, St. Joseph.—To my mind, there has been one very important item overlooked and that is the wrongful selling of assets, which accounts for so many estates showing practically no assets. It is working great hardship upon our bureaus. I refer to the appraisement assets in bankruptcy courts. Estates must bring three-fourths appraisal, and only recently an estate of about twelve thousand dollars, appraised at six thousand, sold for sixty-five hundred, and with the objection of the creditors brought a price of nine thousand dollars from the same people who bought it before. Our appraisers are compelled to take an inventory, submit it to the creditors and show exactly of what the estate consists, while in the bankruptcy courts the receiver or the trustee appraises the assets regardless of their value, reducing them as a rule about two-thirds, and when they are submitted for sale, the bidders are bidding on the theory that there is only a certain amount of the assets, all of which is misleading. Knowing the rule that it is necessary to bring but three-fourths of the appraisement, they act on that theory, making estates bring much less than they are worth.

I think the assets of every bankrupt estate should be appraised

just as they are appraised by our adjustment bureaus, giving our bureaus the same fair deal and notifying the creditors and respective bidders of the actual value of the assets. (Applause.)

PRESIDENT MOORE.—There is now before you the third resolu-

tion as read. All in favor of its adoption say "Aye."

The resolution was adopted as read.

The secretary read the fourth resolution and it was adopted without discussion.

Mr. Bruenig, Indianapolis.—I desire to present, on behalf of the Indianapolis Association of Credit Men, for consideration by

this convention, the following resolution:

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WHEREAS, It has been the experience of many members of this association that the estates of insolvent debtors as administered under the National Bankruptcy Act of 1898, and the various amendments thereto, have in most instances paid dividends to creditors so small as to shock the commercial credit grantors;

Whereas, It is felt that a proper amendment of said bankruptcy act would result in a more equitable distribution

of the estates of bankrupts, then be it

Resolved, That the incoming Bankruptcy Law Committee be requested to consider the preparation of an amendment to the National Bankruptcy Act of 1898, as amended, to the effect that no individual or partnership or corporation shall secure a discharge from payment of his or its just debts within the purview of such act, that will permit him or it to engage in any kind of business under the same name or resume the same kind of business under a different name, unless the bankrupt shall at final settlement pay to each of his or its creditors not less than a sum equal to thirty-three and one-third per cent. of the full value of said debts; and when said amendment is so prepared, shall present the same to the proper committee of the Congress at Washington, for such action as said committee may desire to take upon the said proposed amendment, with the information that the National Association of Credit Men, composed of representatives of over twenty thousand leading business houses of the United States, heartily endorses and urges the passage of such amendment.

I move the adoption of this resolution.

J. D. MEEK, Indianapolis.—I second the motion.

MR. FLANNERY.—I would ask the gentleman proposing this measure what he would do under circumstances like the Chicago fire, the San Francisco fire, the floods in the Ohio Valley, the floods in Galveston, where men have been wiped out entirely and had not been able to pay a cent. What are you going to do with such cases? (Great applause.)

Mr. Hall, Dallas.—I would like to move that the resolution be referred to the incoming committee by this assembly without recom-

mendation or that it be laid upon the table.

PRESIDENT MOORE.—The motion is to lay the resolution upon the table.

The motion was seconded by several and carried.

The resolutions of the committee were then adopted as a whole. PRESIDENT MOORE.—We are to have the pleasure this morning of hearing from the chairman of the Judiciary Committee of the American Bar Association. His subject is "Simplified Judicial Procedure." He is upon our program as the Hon. Thomas W. Shelton, of Norfolk, Va., but his genial countenance and his introduction to me by our secretary warrants me in introducing him to you, as I believe he should be introduced, as Majah Shelton from Vuhginyah. (Great applause.)

"THE SPIRIT OF THE COURTS," ADDRESS BY THOMAS WALL SHELTON, OF VIRGINIA, CHAIRMAN COMMITTEE ON UNIFORM JUDICIAL PROCEDURE, AMERICAN BAR ASSOCIATION

Some years ago a physician surprised his professional brethren by presenting to a lay audience some highly technical aspects of the science of medicine. It proved helpful to his hearers by banishing a great deal of mystery conjured by ignorance and by fortifying them against imposition. It proved helpful to his profession by demonstrating that "no science, however difficult to attain, has any mystery in its farthest researches or in its remotest principles," that the only lasting thing in the world is that which will stand the acid

test of common-sense.

So, the hope of successful government lies in a popular understanding by the people of its genius and the spirit of the judicial department. Commenced at the mother's knee, this education should be concluded at the grave. A guarantee against the wiles of self-seeking opportunists and their expediences is a practical appreciation of the intentions of the founders of the government. That is all that America needs to assure the best results from government and a popular contentment. When the public undergoes the conviction that it is the sick body politic that needs law just as it is the sick man that needs medicine, we will have gone a long way towards preventing both litigation and legislation by adopting measures of prevention. That principle has become the genius of the medical science and it is applicable to jurisprudence. In this scientific effort the business man must turn for guidance to his lawyer and not to the self-seeking politician. Politics have no respectable place in the administration of justice.

Mr. Madison said nearly a century and a half ago that "if a government be ever adopted in America, it must result from a fortunate coincidence of leading opinions and a general confidence of the people in those who recommend it." (Mad. Pap. 663). Dean Roscoe Pound, of Harvard, said a few weeks ago (W. Va. Add.): "The lawyers of to-morrow must master the social sciences, must receive and grasp the ideas developed by business men and must

show them how to systematize and legalize them."

THE PATRIOTS FEARED LEGISLATIVE OPPRESSION.

May I be permitted to say right in the beginning that the trouble has been that both lawyers and laymen have been too prone to look upon the organization and operation of the courts as a public and political matter in which they were not privately concerned. In a layman this is a great wrong; in a lawyer it is a crime for, as we shall see, under the division of governmental power the judges and lawyers are the sole protectors and defenders of the judicial de-partment. The sacred "Virginia Bill of Rights" is authority for the opinion that citizens, upon becoming legislators, undergo such a psychological change that they "should be returned at stated periods to the body of the people from which they came to prevent them from becoming oppressive." So, any word of complaint uttered to-day is in vindication of a fundamental principle. Thus it is that Congress and the legislatures have silently and with the purest intention trespassed upon the sacred powers of the judicial department until the procedure and practice of American courts have admittedly become a disgrace to our civilization, a burden upon commerce and a menace to successful government. Obviously, it is a department whose operation calls for the highest training and expert knowledge and science.

SOME DARK DAYS PASSED.

It seemed, a few years ago, to many wise and thoughtful men without regard to their political inclinations—for there are no politics in the work of modernizing the courts—that the sum of the judicial department of government had become a puzzle as to direction. Strange expediences, like the recall of judges and of judicial opinions, were but symptoms of obvious governmental troubles of operation which were beyond the diagnosis of the general public and the politicians.

THE SAME SPIRIT NEEDED TO-DAY.

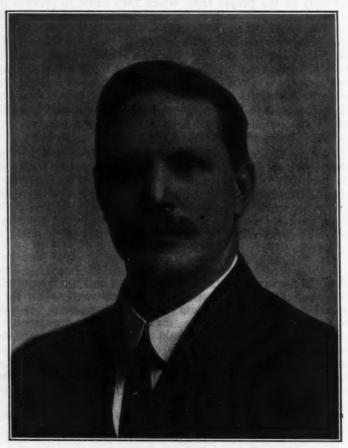
And, let me say to you that the character and spirit required to preserve the inherited structure of government must not be far inferior to that which conceived and made it. Government, like water, cannot rise higher than its source. Failure meant to the constitution makers a physical death with the halo of martyrdom; it means to us a spiritual death with the disgrace of unworthiness. Let it sink into your hearts that the scientific improvement of the judicial department of government and the maintenance of its high standards is not alone an economic measure, but one involving liberty and even life itself. It is to the nation what the heart is to the body. If you have a doubt of that, look upon Mexico as a present example of what the failure of the courts means.

THE BUSINESS MAN'S CONSTITUTION.

Now, Lord Bacon tells us that "States are great engines moving slowly." So, in the structure of the federal government, our fore-fathers entrusted to posterity for operation a new and experimental engine, but constructed upon scientific principles. There had been nothing like it in the history of the world. In their wisdom they provided against the vagaries, restlessness and unbridled spirits of mankind by carefully evolving and preparing a code of correlated, scientific rules and regulations by which it should be operated, that its structure might be safe from legislative change. To a business man, that is what the Constitution of the United States means, whatever other use may be made of it.

IMPROPER APPLICATION MEANS BAD GOVERNMENT.

Unsatisfactory juridical conditions, therefore, are not necessarily the sign of a bad structure, or even incompetent officials, but are symptoms of unscientific operation. Let us apply that thought. The legislative department, true to the prediction and fears of the Fathers, is trying to manage and to direct the skilled men in the judicial department just how they shall do things instead of merely



EDWARD F. SHEFFEY Craddock-Terry Company, Lynchburg, Va. Director

what they shall do; those two words, "how" and "what," often spell success or failure. The courts, therefore, are on a level with Congress, not of the judges and lawyers. When an automaton is made of a man, sawdust might as well be substituted for brains.

PREVENTION BY COMMISSIONS COMMENDED.

We need, also, on the bench, a recrudescence of John Marshall, with his broad, fearless, statesmanlike, judicial interpretation of

the laws wherein was left small necessity for statutes. You must depend more on the courts and less on the statutes. That policy made and saved the structure of the government and it ought to preserve it. However, until it can be had, and it is a matter of education, the nearest thing to it is believed to be a scientific commission regulation which is far superior to regulation by a mass of rigid statutes. We shall presently discuss this thought.

The theme underlying the whole scheme of government is that the practical operation of the big structure would require the personal direction and supervision of trained and experienced minds. Like every inanimate thing, the injection of the human element is necessary to create motion and to give it life and the result of the effort is measured by the quantity, character and efficiency of this human element. The finest engine ever made would prove a failure in incompetent or indifferent hands or if not constantly kept in a state of efficiency. Now, how did the Founders go about it?

THE THREE DIVISIONS OF GOVERNMENT.

The Founders provided for and inspired expert service by dividing all government into three parts—the "Executive," the "Legislative" and the "Judicial." The powers and duties of each of these departments were, of course, definitely fixed in the constitution. It has been seen that a scrupulous observance of this careful division of power is a condition precedent to successful government, but it is well to quote Montesquieu, a great French political scientist, whose writings largely influenced the constitution makers, and whose doctrines are accepted by every shade of respectable American politics. Said he:

"There is no liberty if the judicary power be not separated from the legislative and executive . . . There would be an end of everything were the same man or the same body, whether of the nobles or of the people, to exercise those three powers, that of enacting laws, that of executing the public resolutions and of trying the causes of individuals."

THE PRINCIPLE PRACTICALLY ILLUSTRATED.

Let me translate that thought into the language of business. How long would a big factory maintain its efficiency if, indeed, it continued at all, if the engine-room men undertook to direct the operators of the machines or the board of directors undertook to define the exact action of all the skilled employees? In fact, what need would there be for skilled employees at all? Now, applying this principle to the entire machinery of government, we find the legislative department, through the medium of hundreds of statutes, not only operating the courts but actually defining human conduct itself. We are living in an age of statutory morals when the eyes of the conscience that guided the course of the Fathers stand a chance of growing dim from lack of use.

THE RESULT OF LEGISLATIVE INVASION OF THE JUDICIAL DEPARTMENT.

The result is that the judges and lawyers have been blamed for wrongs that they had no power to prevent, being bound by Congress in statutory hoops of steel. There has come to pass the invasion of

the judicial department feared by all the Makers of the Constitution and the "Virginia Bill of Rights." The obvious end will be the destruction of the independence of the courts, "the greatest curse," said John Marshall, "that could befall a sinful and ungrateful people." It need not be told to practical men that the power to regulate the manner of doing a thing is the power to fix the result.

Some Fears of the Fathers as to Legislative Encroachment.

Now, William Penn told his people that it was well for them to "see with their own eyes and to hear with their own ears." So, concerning this serious charge, let us for a moment do that. Alexander

Hamilton (Fed. Art. 78) said:

"The complete independence of the courts of justice is peculiarly essential in a limited constitution. By a limited constitution, I understand one which contains certain specified exceptions to the legislative authority . . . Limitations of this kind can be preserved in practice in no other way than through the medium of the courts of justice. . . Without this, all the reservations of particular rights or privileges would amount to nothing. . . . Nor does this conclusion by any means suppose a superiority of the judicial over the legislative power. It only supposes

that the power of the people is superior to both."

The "Virginia Bill of Rights" declares "That the legislative and executive powers of the state should be separate from the judiciary; and "that the members of the first two may be restrained from oppression by feeling and participating in the burdens of the people, they should, at fixed periods, be reduced to private station and return into that body from which they were originally taken. Now, consider how they felt about the courts. It will be seen that they trusted the courts; that they recommended life tenure for judges. Mr. Madison said if the government ever fell, it would be the result of legislative encroachment upon the judicial department. Gouveneur Morris pointed to the Aphori at Sparta that destroyed the bravest race of people that ever lived. Thomas Jefferson is the accepted tribune of the people, so let us hear his views in a letter written December 23, 1791. Said he:

"Render the judiciary respectable by every possible means, to-wit, firm tenure in office, competent salaries and reduction of their numbers. . . . This branch of the government will have the weight of the conflict on their hands because they will be the last appeal of reason." Again, in a letter written March 15, 1789, he said:

"In the arguments in favor of a declaration of rights, you omit one which has great weight with me, the legal check which it puts into the hands of the judiciary. This is a body which, if rendered independent and kept strictly to their own department, merits great confidence for their learning and integrity."

Again, in July, 1776, he wrote:

"The dignity and stability of government in all its branches, the morals of the people and every blessing of society depend so much upon an upright and skilful administration of justice that the judicial power ought to be

distinct from both the legislative and executive, and independent of both, so that it may be a check upon both."

THE BAR ASSOCIATION'S PROGRAM.

The whole program, as we have seen, is embraced in the one principle of an equable division of governmental power; that solved, the whole problem is solved, for then, and not until then, can the full benefits of the structure of government be had. And that is all the trouble with the courts. Now, to be concrete, the first and vital question is the procedure—the machinery—of the courts; the second is the personnel and the third is a scientific supervision of its

With one mind the lawyers fixed upon the Supreme Court of the United States as the suitable central agency with the help of suggestions from judges and lawyers to prepare and put into effect a simple, correlated, scientific system of rules for the guidance of the trial courts to take the place of the present conflicting, unrelated statutory federal practice prepared by Congress. What are some of its merits? Such a system would embrace the patriotic, unselfish, united efforts of the entire bench and bar; it would reflect the wisdom of the active legal profession and law teachers and their sustained attention; it would be free from the curse of political bias and the handicap of expediency. Furthermore, it means that commerce, for whose use the courts were largely established, would obtain the full benefit of the advice of their lawyers in the conduct of the courts. That practical thought alone will be sufficiently persuasive to the business mind. You should be told that a statute concerning procedure is just as binding as a statute concerning a substantive right and the lawyer is sworn to uphold both. He is forced to pick flaws and retard justice. That is one of the most wicked inventions ever conceived by Congress and legislatures to curse the ethics and moral standards of a helpless bench and bar.

COURTS PRODUCE LESS THAN A FIFTY PER CENT. RESULT.

Let me translate this into figures for your practical minds. During a selected period of three months the product of all the appellate courts was analyzed. The total result was the trial of 5.927 cases in which were involved 22,986 points. Of these, 10,727 were on the substantive law while 12,259 were on points of practice. That is, 53.32 per cent. of the points considered, or over one-half, never touched the question of the merits of the case for which the litigation was instituted, but were wasted in useless wrangling over technicalities of procedure and practice.

VIRGINIA HAS SET AN EXAMPLE.

When my own state of Virginia finally permitted it to sink into her sacred head that 56.1 per cent. of the time of her courts and the money of her people were being wasted, the people told her legislature last winter to wipe the miserable thing called common-law practice from her books forever and it was unanimously done. May it be said that what Virginia did every state in this Union should do, for this system of rules will embrace all the merits of both the common law and the statutory code procedure without any of their vices.

THE DEFINITE LEGISLATION NEEDED.

Now, the program for achieving this much-needed result is the enactment by Congress and by each of the states of a simple statute, already unanimously endorsed by you, by the American Bar Association, forty-five state bar associations and nearly every important civic, commercial and legal organization. You are entitled to know that although the judiciary committee of the House of Representatives under Chairman Edwin Y. Webb, unanimously recommended the bill it has been held for three years in the senate judiciary committee by certain senators. It will be a business duty of yours to ascertain if your senator is one of them.

UNIFORMITY OF LAW AND PROCEDURE.

Now, let us look for some other obvious benefits. The system of rules so prepared manifestly will recommend itself to the several states, and, thereby, interstate uniformity in procedure will be established. Uniformity of decision by the courts will eventually follow as a natural sequence, if, indeed, it be not brought about by the annual interstate conference of judges, another direct outcome of the

campaign of the American Bar Association.

I am going to interpolate a word regarding this conference, for it will increase confidence in judges and lawyers to describe this historic organization as one of the miracles of this generation. In spite of the densest pessimism in almost all quarters, it was organized three years ago and is composed of the chief justice of each state and the senior circuit judge of each federal circuit or their representative. Its object is to prevent that conflict of judicial opinions that interprets the same law in as many ways as there are state courts and thus proved itself so inconvenient and costly to commerce. May I be permitted to remark that these judges are now paying their expenses out of their meagre salaries and that a business man can do no more patriotic act than to induce his legislature to appropriate annually \$150 for this purpose. It is a small premium to pay for insurance against conflicting opinions.

WHAT UNIFORMITY MEANS TO STATE AUTONOMY.

However advantageous uniformity may be to men of national business, for a great commerce has long since leaped over the imaginary political lines separating the states, that becomes a negligible quantity in the light of the profound fundamental matter of perpetuating the dual relation fixed by the Founders, between state and federal government. I venture to predict that states' rights will be gradually absorbed unless the state legislatures suitably accommodate their local laws to the manifest needs of interstate commerce. The preservation of state autonomy, we are taught by the Founders, means the guarantee of the true liberty against certain difficulties and a possible oppression from centralized power.

COMMISSION versus LEGISLATIVE GOVERNMENT.

We have seen that the Founders, in order to assure independence of action and to inspire expert public service, divided the government into three departments. Regulation of operation by scientific, highly trained, practical commissions is but an extension of that wholesome principle as well as increasing effort of civilization for progress, efficiency, centralized responsibility and prevention of litigation. It is the effort to apply business methods to the business of government. The people are casting from their vision the veil of mystery and from the path of progress the hollow mockery of form. They are reaching the state of mind of the poet, who exclaimed:

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"For forms of law let fools contest That which is best administered is best."

FIRST IMPORTANT EXAMPLE OF A COMMISSION REGULATION.

There is nothing novel in the thought of national government by expert commission regulation. Many years ago Congress, wearying of an infinite detail as to which it was in no position to deal, sensibly created the Interstate Commerce Commission. Through this agency actual, practical and reasonable relief became possible in all transportation matters, without endless and expensive legislation and litigation. In effect it is in one, a legislature, a court and a policeman as to certain practical matters. What is the result? Instead of plunging into the courts or running to Congress for relief, both the citizen and the common carrier simply sets forth their grievance before the commission which grants relief in accordance with the true right and common-sense. The Interstate Commerce Commission does things in months that would require of Congress as many years and of the courts almost a lifetime and a fortune, if they were done at all.

FEDERAL TRADE COMMISSION.

One would have imagined that this splendid example would have inspired a similar regulation of interstate corporate activity long before abuses so clogged the courts as to become a positive menace. Eventually, some genius conceived the idea of sending a sort of expert trainer and regulator among the valuable and useful but, too often, wilful creatures of the legislatures. The viewpoint may be illumined by comparison. A corporation is very much like a horse—very valuable and useful under control but a positive menace when vicious. Now, the sensible thing is being done of taming and using the horse instead of killing and losing him. I venture to predict that it may require a few years, but far less time than was demanded by the Interstate Commerce Commission for a full realization of the usefulness and value of the Federal Trade Commission.

COMMISSION APPLIED TO JUDICATURE.

The principle of commission in lieu of statutory regulation and some sort of scientific superintendence must be applied to American judicature in all its aspects. The Federal Supreme Court, as has been shown, should prepare the scientific rules for the operation of the courts and the Congress will fix their jurisdiction, direct all fundamental matters and questions of permanent procedure and of evidence. This is a proper division of power of the judicial department. Now, while these things complete the organization of the structure and its operation, we are still left without provision for a superintendence of the sacred work proposed to be performed and the maintenance of its efficiency. It is as if the board of directors had erected a factory and equipped it with machinery, plastered

the walls with printed regulations and instructions, employed the necessary laborers, provided for their compensation and then had gone fishing. Now how may that difficulty be met?

A HIGH JUDICIAL COMMISSION.

Professor John H. Wigmore says there is needed "A chief judicial superintendent." This is also the view of the American Judicature Society, another respectable authority. Endorsing the principle but venturing to extend the agency, it is recommended that a "High Judicial Commission" shall be created by Congress, composed of ten men, to serve without pay, viz.: a Justice of the Supreme Court of the United States, a United States Circuit Judge and a District Judge; a State Appellate Judge; the Solicitor-General or the Attorney-General, two law teachers and four active, practicing lawyers. There should be bi-monthly meetings for personal conferences over reports and recommendations received and observations made during that period. The commission would examine into and receive from judges and lawyers reports upon the operation and results of all the courts and observe inefficiency and delinquency of all sorts. Suggestions in the light of existing law for correcting the difficulties would be made to the judges and bar associations and recommendations for all necessary additional statutes would be made to Congress and the state legislatures.

ANOTHER ILLUSTRATION.

Using Professor Wigmore's illustration again—suppose a machine and its operator failed five successive times before turning out an acceptable product. Would one stand by and theorize about it? Certainly not. One would provide a suitable official supervision to correct the trouble (whatever it happened to be) and the prime thought would be to engage experts to do it. Indeed, it is difficult for a business man to comprehend such a negligent state of unpreparedness in any human effort. But, above and beyond these things, manifest to all, the real work of the "High Judicial Commission" would be in perfecting American judicature along scientific lines. The time would come when the legislative department would feel obligated to their constituents not to pass any legislation concerning judicature until it had met the opproval of the "High Judicial Commission" for legislators are as anxious as any one for expert advice.

WHAT COMMISSIONS MAY PREVENT.

We speak of these commission measures as being preventive of litigation. They are also preventive of legislation. Let me translate in figures the need of it to your practical minds. During a period of five years, and not including 1914, as many as 62,014 public statutes were enacted. That is an average of about one hundred and seventy laws a day, including Sunday. During the last session of Congress seven hundred laws were enacted and about three thousand measures introduced. Estimating that Congress sits approximately two hundred working days, that means about three and one-half laws a day actually passed and about fifteen to be considered by the legislators. Now, let us translate the crowded, overworked condition of the courts into figures. During the same period, six hundred and thirty

volumes of law reports were published. In one day, in 1914, the Supreme Court of the United States handed down sufficient opinions to fill a whole volume. Now, two small volumes hold the entire life's work of the great Chief Justice John Marshall. So alarming has this become that the Chamber of Commerce of the State of New York and the New York State Bar Association have agreed to unite in an effort to reduce unnecessary litigation. But let us return a moment



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Director

to the Supreme Court, for that is the most important tribunal on earth. In 1904, the United States Supreme Court opened with a docket of 682 cases. It disposed of 402, leaving untouched on the docket 280. In 1914, it opened with a docket of 1,063 cases, disposed of 539 and left 524 untouched. Now, observe that although in 1914 the court disposed of 139 more cases than it did in 1904, it found itself 244 cases further behind on its docket. That is a serious enough thought, but there is a profounder one, now to be mentioned. The

United States Supreme Court is the most deliberate body within the conception of the mind of man and requires time for mature thought, Haste in its affairs is not conceivable. But it has its economic side as well as commerce and its humanity may gradually respond to a public demand for dispatch, at the cost of the wisdom that has saved and made this government. Observe that it handed down 539 cases in one year. Now turn on the microscope of analysis. Deducting Sundays and Saturdays and a thirty-day holiday, there are left only about 231 working days, which means nearly two and a half cases a day. Manifestly, the Supreme Court is physically one of the hardest worked bodies in America. This same condition applies to over half the federal court dockets in the country, though the latter's congestion would be corrected largely by an assignment of judges to circuits where needed and the involuntary retirement of a few incapacitated ones, as is done in England and as officers are retired in the army and navy. If justice deferred is justice denied, here is work for the "High Judicial Commission" in evolving and making recommendations to the Congress and it is believed that Congress will welcome the aid just as the Secretary of the Navy sought the advice of experts in time of stress.

DISTINCT COMMERCIAL COURTS.

One of Montesquieu's practical ideas was distinct commercial courts. Dividing all litigation into two classes, he said: "The affairs of commerce are but little susceptible of formalities. They are the actions of a day and every day followed by others of the same nature. Hence it becomes necessary that every day should be decided. It is otherwise with those actions of life which have a principal influence on futurity but rarely happen." (Spr. Laws, Bk. 20, Ch. 18.) This principle was applied in early England in what Lord Kent called courts of Piepoudre, or piepowder, because "justice is there done as speedily as dust can fall from the foot." England borrowed this idea from the splendid judicature of the ancient Jews, who held commercial courts at the gates of their cities that all matters of the day might be there settled before the departure of witnesses and principals. The civil justice courts of to-day find their prototype in this history. As is done in the city of Norfolk, each local Credit Men's Association should see to the preservation and extension of its civil justice court and the selection of a high and well-qualified lawyer on its bench.

So, it is seen that a scientific and practical administration of the Department of Justice cannot be brought about otherwise than through the judges and lawyers, as was recommended by Mr. Madison, and that they are petitioning to be permitted to perform their sacred duty. Your prompt cooperation with the American Bar Association has had a wholesome effect. I am here to-day to show that you were acting in accordance with fundamental principles; to thank you and to praise you, but chiefly to bid you Godspeed in the creation of a public sentiment that will make politically profitable a legislative policy that tends to less litigation, fewer statutes, more prevention and a larger application and keener conception of the fundamental principles handed down to us by the Fathers. (Great and prolonged applause.)

PRESIDENT MOORE.—The closing address of the morning will be made by a distinguished representative of the federal government. As every nation has its Moses, so each era has its genius. Here is a man in whom we are all interested, whom we shall all be pleased to hear—Chairman Hurley, of the Federal Trade Commission. (Applause.)

"COOPERATION AND INDUSTRIAL PREPAREDNESS," ADDRESS BY EDWARD N. HURLEY, CHAIRMAN OF THE FEDERAL TRADE COMMISSION.

Mr. Chairman and Gentlemen:

Cooperation and industrial preparedness seems to be the most important question before the business men of the country to-day. I am sure if manufacturers and merchants will follow the advice and counsel of the National Association of Credit Men they will

be prepared to meet any emergency.

I question whether you gentlemen realize your great power to assist in bringing about an improved condition in our industrial affairs. While you have accomplished many things your most important work is before you. The country needs at this particular time a national organization with good judgment, experience in financial affairs and having the entire confidence of the business and banking world. Your association has these qualifications and under the leadership of your capable and efficient secretary, Mr. Tregoe, you can do our country a great service.

For several decades our government has worked out through the Interstate Commerce Commission a constructive program for the railroads of the country. It has also made effective through the agriculture department measures likewise helpful to the farmer. In these cases it has approached the problems in the spirit of

cooperation and the results have been beneficial to all.

The government's attitude toward business, however, presents a contrast. The trouble has really been one of point of view. Government action has usually been negative; always scattered and

seldom constructive.

Unfortunately, our business men and our government have been losing valuable time during the past fifteen years in trying to settle our economic and business problems, not by cooperation, not by any scientific method which will bring about results beneficial to our people as a whole, but by resorting to the courts. I know business has been sick, and business has undoubtedly been in a large measure to blame for its illness, but instead of sending for a doctor who could prescribe a remedy that would give practical and permanent relief, the government sent for lawyers and you know the result.

A wrong feeling has existed in this country as to the proper relations between government and business. Even when I went to Washington I had the feeling that business men did not want to cooperate with the government, but I learned very quickly that they are all eager to cooperate and willing to do everything in their power that the government desires.

We are talking much these days about mobilizing our industries.

We have been floundering about for many years with no definite plan; in fact, the first step has hardly been taken toward solving our industrial problems and toward attaining the result which we all know is absolutely necessary. Cooperation requires the interest and good-will of both sides. Business men are anxious to cooperate with our government. It is now the duty of the government to lend its active constructive aid, and it is the earnest desire of the Federal Trade Commission to do everything in its power to help foster American industries.

FEDERAL TRADE COMMISSION AND DEFINITE STEPS FORWARD.

The Federal Trade Commission is endeavoring to-day to work out a comprehensive, constructive solution of our business problems. We have taken definite steps toward getting at the real facts of industry from manufacturers. Within a few months we hope to be able to give manufacturers first-hand information about their business. I am satisfied from this investigation that the business men of the country are anxious and willing to cooperate with the commission. I know it. We are in receipt of thousands of letters expressing their appreciation of our efforts.

BETTERING BUSINESS METHODS.

The activities of trade associations like yours and similar business organizations are manifold. Groups of associated business men that are putting forth special efforts to improve systems of cost accounting, bettering their process of manufacture, standardizing their output, obtaining credit information, and endeavoring to advance the welfare of their employees, are bound to be most important factors in our country's development in the course of the next few years.

Special commendation should be given to associations that are endeavoring to build up industry in these constructive ways. Successful production and successful merchandizing require many steps in the process of changing the form of the raw materials, and putting the product on the market at a figure adequate to cover the cost of production and the cost of selling and net some profit to the producer, without charging the consumer an excessive price; and neither the individual manufacturer nor the government alone can work out the many serious economic and business problems involved, so successfully, as can a group of associated producers or merchants, laboring together in cooperation. These associations, when conducted intelligently and rationally, with the thought of bringing about improved business conditions, will make it possible for our industries to compete in price and quality in the markets of the world.

There should be a greater degree of organization and of mutual helpfulness in all lines of trade and industry, so that American business may be welded into a commercial and industrial whole; the part of the government being to cooperate with business men, on request, to bring about the results that will benefit business and hence promote our national welfare.

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VIEWS OF PRESIDENT WILSON.

President Wilson's views on trade associations may be of particular interest to you. In a letter addressed to me, under date of May 12, 1916, he said:

"The White House Washington

May 12, 1916.

My dear Mr. Hurley:

Your Boston speech is before me, in which you outline some of the work which the Federal Trade Commission is doing for the business men of the country. I wish to commend your efforts generally, and in particular your endeavor to assist the small manufacturer and merchant to better his condition by helping him to improve his cost accounting and bookkeeping methods.

This is a step in the right direction and one of the main fundamentals of any successful business. It is most important to the future success of a business man that he should know what his goods actually cost to manufacture and to sell. If he has these facts, they will enable him to present a modern balance sheet to his bank, and as a result he will be better able to obtain credit with which to expand and develop his business.

Your suggestion that trade associations, associations of retail and wholesale merchants, commercial clubs, boards of trade, manufacturers' associations, credit associations, and other similar organizations should be encouraged in every feasible way by the government seems to me a very wise one. To furnish them with data and comprehensive information in order that they may more easily accomplish the result that they are organized for is a proper and useful government function. These associations, when organized for the purpose of improving conditions in their particular industry, such as unifying cost accounting and bookkeeping methods, standardizing products and processes of manufacture, should meet with the approval of every man interested in the business progress of the country.

Too much emphasis cannot be placed on your suggestion that materials, methods, and products in industry should be standardized upon the basis of specifications drawn up in friendly cooperation with engineering societies, industrial experts, and trade associations. Further standardization in our industries will not only reduce the cost of production, but assure the producer better materials and more efficient workmanship, and to the consuming public the manifest benefit resulting from not having to pay for a wide and increasing variety of products and materials. Judicious standardization also means a greater return on a given investment. Capital now tied up because of inefficient methods will be released and can be used effectively elsewhere.

If we are to be an important factor in a world's markets, we must be more thorough and efficient in production. The encouragement of trade associations and standardization, and the installing of better cost accounting

methods in our business concerns will go a long way

toward accomplishing this end.

It is my hope that, in addition to the other work which the Federal Trade Commission is doing, it will ascertain the facts regarding conditions in our various industries. If it finds that an induestry is not healthy, it should, after carefully considering the facts, in cooperation with the parties interested, suggest a practical and helpful remedy. In this way many of our difficult business problems might be solved.

I am very anxious to see you continue to cooperate with the business men of the country along the lines upon which you are working.

Cordially and sincerely yours,
WOODROW WILSON."

COST ACCOUNTING.

A preliminary study of industry generally, made by the Federal Trade Commission, has revealed the fact that only a very small percentage of the manufacturers of the country make any charge for depreciation of plant or of equipment, and that their products were priced and their profits determined before reckoning this vital and important item.

DEPRECIATION.

The Trade Commission is urging on every business man the absolute necessity of making proper provision for depreciation and doing it monthly or at least quarterly. I think I can safely say that no accounting system will receive the endorsement of the Commission unless it does provide for the inclusion of this most im-

portant item of cost.

Statistics show that the percentage of business men who do not provide for depreciation is very large, running over fifty per cent., and this is one of the causes that have a great influence on the business death-rate. Nearly every man is perfectly willing to include in his costs all items for which he pays out actual money, but he is inclined to overlook those which do not require a visible outlay, and depreciation is one of these which unquestionably exists. A number of manufacturers and merchants do not charge any depreciation and give as a reason that they keep their plant and stock in first-class condition. This is one of the most fallacious ideas in business to-day. Every machine, building and apparatus as well as seasonable merchandise, like every man, has a certain period of life and no matter how much care is taken or how much medicine you give the man, death is bound to come. Some take the view that they will not charge any depreciation this year because they did not make money. I cannot see what the fact of making money has to do with the matter. The machine or product is a year old and has certainly worn to some degree and is one year nearer to obsolescence so that year should certainly pay for it.

If the Federal Trade Commission does nothing more than arouse the American business man to the fact that depreciation does exist, that it is an element of cost, and that he should put it

into cost, the time will have been well spent and business generally will have received a benefit.

The committee appointed by your directors to confer with the Federal Trade Commission is studying this most important subject and I firmly believe that your association can be most helpful in bringing about a better understanding among business men as to the absolute necessity of charging off liberally for depreciation.

Uniformity in Accounting Methods.

The subject of more uniformity in cost finding is at present receiving the careful attention of many manufacturers and trade associations. A number of trade associations are in this way achieving marked success in strengthening their industries. It is being demonstrated that a knowledge of cost determined by a uniform practice can improve trade conditions to a remarkable degree. By a uniform practice I mean a common classification of costs, both manufacturing and selling, a uniform method of providing for depreciation with rates more or less standardized. Where this condition exists, production statistics which are comparable and which will inform and guide the whole industry are obtainable. Manufacturers can then talk the same language and will be in a position to profit by each others' experience, to conduct their plants more efficiently, and to establish prices more intelligently.

Example of Dangers of Lack of Adequate Accounting Methods.

For example, take two manufacturers, say Jones and Brown. They are in the same line of business and bank with the same banker. Jones keeps an accurate cost accounting system, charges off liberally for depreciation on his buildings, machinery, etc. He charges his jigs, tools, dies and patterns against the cost of operation every month or at least every quarter. His overhead is distributed equally and fairly. He quotes a fair price on his product and his customers recognize that they are getting value received. He has a large bank account and is considered a conservative and substantial business man. Brown, his competitor, on the contrary, does not keep a cost accounting system; does not charge off for depreciation except a small amount at the end of each year. Brown maintains that his buildings and machinery are very near as good as they were ten years ago. He charges his jigs, tools, dies and patterns to capital account and considers them valuable assets. He figures that he has been quite liberal when charging off ten per cent. for depreciation on these items at the end of the year. He is a heavy borrower at the bank and the banker is probably loaning him the money that Jones, his competitor, has on deposit. This furnishes Brown working capital, to do what? To continue to run his business in a slip-shod, slovenly manner, to cut prices and ruin the industry in which they are both engaged.

Ignorant competition is most dangerous to the development and success of our country. The Clayton Act and the Federal Trade Commission Act have no control over this menace. It is estimated that ninety per cent. of the manufacturers and merchants in Germany know absolutely what their goods cost to manufacture and sell. If you compare our figures, which show, according to

estimates, that only 10 per cent. of our manufacturers and merchants know what it costs to manufacture and sell their products, you have the answer as to why Germany has been so successful in developing such a high standard of efficiency in manufacturing and distributing their products not only in Germany but in the markets of the world.

It is a fact well understood among business men that the general demoralization in a large number of industries has been caused by firms who cut prices not knowing what their goods actually cost to manufacture; the cost of selling also, which is equally important, is almost wholly lost sight of. Are the officers of the companies and firms who are cutting prices right and left, irrespective of their costs, fair to their customers, stockholders, or competitors?

Quality and service are becoming greater in the field of merchandising. Long after the price of a product is forgotten the quality of that product is remembered.

ACCOUNTING ESSENTIAL TO PROGRESS.

Government has complained about business. Business men have complained of the attitude of the government toward business. Whatever justification there may have been in the past for such complaints, to-day there is a better understanding between government and business. Since better business methods usually begin with better methods of cost accounting, scientific cost keeping becomes in a very definite sense the basis of our prosperity. government, through the Federal Trade Commission, by recommending the subject of costs to the business men of the country at this time, and offering to aid in the actual development of proper cost systems, is endeavoring to do a constructive piece of work which is of the greatest importance. The problems of credit and finance, of foreign trade and unfair methods of competition, and of labor and capital,-all will begin to solve themselves once the subject of costs receives on every hand the attention it rightfully deserves. (Great applause.)

Mr. Tregoe.—I have some interesting communications from absent members:

San Francisco, Cal., June, 15, 1916.

J. H. Tregoe, Secretary, National Association of Credit Men in convention assembled, Pittsburgh, Pa.

On behalf of citizens of San Francisco, we herewith extend to the members of the National Association of Credit Men an invitation to hold their next convention in San Francisco and pledge them a hearty welcome, hotel facilities unexcelled, convention halls free, cool, invigorating summer climate.

R. L. Webb. Secretary San Francisco Convention League.

Providence, R. I., June 15, 1916.

J. H. Tregoe, Secretary-Treasurer, National Association of Credit Men, William Penn Hotel, Pittsburgh, Pa.

Providence sends greetings to the convention assembled and takes this opportunity to renew allegiance to the principles of the

National Association. Annual meeting last night closed membership campaign showing present roll of one hundred and eighty-two members. Yours very truly.

L. W. Jones, President.

Newark, N. J., June 15, 1916.

National Association of Credit Men, in Convention, Pittsburgh, Pa.

My thoughts are with you today and I wish it were possible to look in and join in celebrating the successful conclusion of the investigation and prosecution fund. Thank the local associations and individual members for me for their help and cooperation. Regards to everybody. C. R. BURNETT.

New York, N. Y., June 15, 1916.

J. H. Tregoe, Convention National Association of Credit Men. Wm. Penn. Hotel, Pittsburgh, Pa.

Believing that the National Association of Credit Men stands for constructive and not destructive policies, I am confident that an overwhelming sentiment will oppose and defeat any effort that may be made to abolish a bankruptcy law, insuring national uniformity of practice. To substitute the manifold diversity of state statutes for the present national law is to dismiss order and to return to chaos. The financial and credit system of this country should be run on national lines of uniform standard gauge.

W. M. KENNARD.

Minneapolis, Minn., June 16, 1916.

J. H. Tregoe, Secretary,-Treasurer, Care Penn Hotel, Pittsburgh, Pa.

Please convey to the members of the convention my thanks for the honor conferred upon me and assure them of my sincere appreciation of the confidence they have expressed. I trust that I may have an opportunity to be of service to our most valuable organization.

FRED. R. SALISBURY.

Fourth Day, Friday, June 16, 1916

AFTERNOON SESSION

PRESIDENT MOORE.—Philadelphia has contributed to the patriotism of our convention, and acting for the last time upon the suggestion of the flag in this our final meeting of the convention, let us spread our patriotism just a little farther and sing "America" once more.

The convention rose and sang "America."

SECRETARY TREGOE.-Mr. President, I think you ought to make a public appeal that the Philadelphia delegation lose some of its

PRESIDENT MOORE.—I would like to ask if any one can suggest

anything that will put life into the Philadelphia delegation.

The first thing on the program this afternoon is the report of the Investigation and Prosecution Committee. It is regrettable that Curtis R. Burnett, to whom much credit is due for the work of this committee, is to-day absent. While we shall be glad to hear from Freas Brown Snyder, of Philadelphia, who will present the report of the committee, we had hoped that Mr. Burnett might be here, for Mr. Burnett has done two things which it had been said could not be done. He has freed New Jersey of mosquitoes and he has created a prosecution fund. (Applause.)

Mr. Snyder.—If Mr. Burnett had not been more successful with the investigation fund than he has with the mosquitoes, there would be no excuse for my presence on the program this afternoon.

REPORT OF COMMITTEE ON INVESTIGATION AND PROSECUTION

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Without exaggeration, the executive members of the Investigation and Prosecution Committee can speak of their efforts through a period of very nearly two years as a struggle, for, notwithstanding the enthusiastic endorsement by two conventions of an investigation and prosecution fund, national in scope, when solicitations were actually made in conformance with the actions of these conventions the responses were not proportionate, and many difficulties and discouragements were met and had to be overcome before it was the privilege of the committee to make the announcement, a privilege that it now enjoys, that there is a sum in hand and pledged reaching the mark fixed by the committee for the operation of a National Investigation and Prosecution Plan.

This convention, your committee is very sure, will rejoice with it that success has finally attended its efforts; and, though the period was longer than it should have been, yet the abilities of the Association to carry through a desirable and important scheme for the protection of its members are unimpeached.

The effect of an adequate investigation and prosecution fund may not be estimated, but it is the sincere belief of your committee, a belief concurred in by a very large proportion of the Association's membership, that the knowledge that such a fund is at the service of creditors for the investigation and prosecution of commercial fraud will deter the fraudulently inclined and have a direct effect upon the bad debt waste occasioned annually by premeditated and emergency depredations.

Your committee will offer a very brief report, and, after the above statements expressive of its activities and the discouragements that had to be overcome, would submit the following figures of the fund's condition when this report was prepared:

Pledges for the first year from local associations of credit men	National Control
and National Association of Credit Men	
Pledges from individual members of local associations	1,538.00

Total\$25,110.04

This total represents subscriptions from 226 individual members, direct subscriptions from 69 local associations, and the sub-



CURTIS R. BURNETT
American Oil & Supply Co., Newark, N. J.
Chairman Investigation and Prosecution Committee

scriptions from members of 13 local associations with the latters' consent and support.

With but a few exceptions, the subscriptions were for a period of five years, conditioned upon the raising of \$25,000 for the first year, subject to cancellation after the second payment.

The figures herein stated are not supposed to be the maximum amount that will be contributed to the fund during the first year of its operation. Your committee is convinced that the associations that have not contributed, and many individual members of the

National Association, will feel a desire to have a part in the plan when its operation is announced, and receive the benefits that must

accrue to those who have given it financial support.

Your committee desires to record its appreciation to the individual members of the National Association, and especially to the local associations of credit men who responded so cordially and encouraged its efforts at periods when the obtaining of the minimum sum seemed remote and doubtful. At no period of its work had many doubters been located, but it was natural to expect that critics would emerge here and there and question the soundness of the plan adopted.

Instances were few where support was flatly denied, for the larger number of the associations which did not participate felt unable financially to do so, yet will be willing to have a share in the work later or assist in obtaining direct subscriptions of their

members.

The plan becomes operative with this report. It is incumbent upon the incoming committee to work out rules and methods of procedure following the general rules adopted by your committee. The amount at command must be discreetly and constructively used and have a telling effect for the suppression and correction of commercial fraud.

Your committee begs to tender, in conclusion of this report, the

following resolutions:

I

"Resolved, By the National Association of Credit Men in convention assembled, that sincere thanks be tendered the individual members of the National Association of Credit Men and the local associations of credit men who have contributed to the National Investigation and Prosecution Fund, and assisted thereby in making the plan of nation-wide prosecution possible.

TT

"Resolved, By the National Association of Credit Men, that the incoming committee be urged to obtain cooperation from the local associations of credit men that have not participated in the plan as yet, so that its good effects and best powers may be at the service of all local associations irrespectively, and that the committee continue to solicit the support and cooperation of individual members of the National Association who have not yet responded to appeals.

III

"Resolved, That the incoming committee, immediately upon organization, adopt rules for the governance of the fund, having in mind always very careful consideration and discretion in safeguarding the fund from other than constructive service, and that, when such rules are confirmed by the officers and directors of the National Association of Credit Men, they are to control as to the assistance in form and extent that may be sought of the fund and the conditions that must be met before assistance may be given.

TV

"Resolved, That inasmuch as one of the best benefits of the fund will be prevention, the incoming committee, with the assistance

of the National office, secure nation-wide publication of the fund's existence and the purposes for which it will be used."

Respectfully submitted,

CURTIS R. BURNETT, Chairman, Newark, N. J. E. S. BOTELER, New York, N. Y. FREAS BROWN SNYDER, Philadelphia, Pa. GEO. C. MORTON, BOSTON, Mass. C. DEL. ALTON, Glastonbury, Conn. F. C. DEMMLER, Pittsburgh, Pa. C. WALTER CARNAN, Baltimore, Md.

PROSECUTION FUND PLEDGES

Albany	75.00
Allentown	50.00
Augusta	40.00
Bluefield-Graham	25.00
Boise	32.50
Boston	800.00
Bridgeport	50.00
Bristol	50.00
Buffalo	500.00
Burlington	60.00
Butte	50.00
Central West Virginia	75.00
Chicago	1,000.00
Cincinnati	250.00
Cleveland	500.00
Columbus	200.00
Dallas	150.00
Davenport	50.00
Decatur	35.00
Des Moines	100.00
Detroit	250.00
Duluth	100.00
Evansville	100.00
Green Bay	100.00
Hartford	222.00
Huntington	60.00
Indianapolis	100.00
Johnson City	18.00
Kansas City	200.00
Knoxville	77.00
Lexington	75.00
Lincoln	60.00
Lynchburg	60.00
Milwaukee	694.50
Minneapolis	544.50
Montgomery	35.00
National Treasury	3,000.00
Newark	500.00
New Castle	30.00
New Haven	50.00
New Orleans	400.00
New York	1,500.00
Oklahoma City	50.00
Omaha	150.00
Oshkosh	40.00
Peoria	75.00
Philadelphia	1,500.00
Portland	219,00

\$112.00
50.00
154.00
45.00
429.00
\$17,184.50
\$25,110.04

ASSOCIATIONS DIRECTLY SOLICITED

Atlanta.
Chattanooga.
Chicago (direct and subscriptions)
\$797.00.
Dayton.
Fargo.
Grand Rapids.
Number of individual subscriptions

Memphis.
Nashville.
Norfolk.
St. Paul.
San Francisco.
Tacoma.
Washington.

Mr. Snyder moved the adoption of the report.

MR. SHEFFEY, Lynchburg.—In seconding these resolutions I would state, speaking directly to the proposition of this investigation and prosecution fund, that it has been long-drawn out. It reminds me of a courting couple down in old Virginia. The young man had been courting for a number of years. He made up his mind one night, however, that there was going to be something doing. The hour for leaving that house was ten-thirty. At ten-fifteen nothing had been said, but he began to edge over and to make some little progress. Ten-twenty came and still nothing had been done, and at ten-twenty-five the girl's mother called down from upstairs, "Mary, is that young man there yet?" Mary said, "No, Ma, but he's getting there."

I am glad the investigation and prosecution fund is getting there. You will remember that at Cincinnati the young child was coddled and bottle-fed. At Rochester it received additional impetus,

and here at Pittsburgh it is born, as it were, again.

You know and I know that the one thing that is needed in this thing is publicity, that the National Association of Credit Men, with 20,876 members, is back of this investigation and prosecution fund. It means that every crook in the country will know something about it if we but publish the fact abroad. You know and I know that when we see it advertised in a jeweler's window that there is

a price on every thief's head that enters that jewelry store and steals from out that window, the thieves give the place a wide berth. You do not hear about it—they are prosecuted and sent to the uttermost parts of the earth. We have nothing against anybody, provided they have nothing against us. We will let them alone if they will let us alone, and when we put up the sign of this investigation and prosecution fund in full force, it will have the effect of a sign like "Stop! Look! Listen! Safety First!"

Some people say they do not believe in it. I remember one time there was a collection being taken in a church for missions. The plate was passed. One man said, "I do not believe in missions." The man who was passing the plate said, "Take something out,

then. This is for the heathen."

Now I respectfully submit that it will not be to the credit of any of our organizations not to contribute to this fund. Only eightytwo, I believe, so far have contributed as organizations, though this fund is now an assured fact. Our ladies know what it means to belong to the D. A. R., because it goes back to those early days when the souls of men were tried. These are the days when this Association's soul has been tried on this proposition, and you want to get on the band wagon right now and have a part in it. (Applause.)

MR. BETHEL.—Louisville takes a front seat on the band wagon, for we are going to contribute one thousand dollars. (Applause.) Now that the applause is over, I want to say that the thousand

dollars is payable in five annual installments.

Kentucky remained neutral for a number of years, but in spite of that fact, Mr. Tregoe thought enough of us to visit us. He buzzed around there in Louisville and we finally awoke to the fact, after he had gone, that he represented the bee of preparedness. He stung us and stung us favorably, for we immediately got busy and raised four thousand dollars. We were prepared and strange as it may seem, as soon as we were prepared for a fight, we got it. (Laughter.) Now that is a non-political plea. (Laughter.) A man came to Louisville last October, rendered a fraudulent statement and on the seventeenth went into bankruptcy. That was too much for us, but when we concluded our prosecution, it resulted in a hung jury, six and six. That jury can be divided into two classes, the six business men and the six professional jurymen.

There are two or three other points that I will speak about in connection with our prosecution and do so briefly. In the first place, it is not only necessary to have publicity in our daily press, but it is also well to have our members speak gently to the commonwealth's attorney, because he is not interested. We have to put up money to bring the witnesses to Louisville for he would not authorize

that expense.

The next is that after securing all the statements of assets and liabilities, we ask in a casual sort of way about the date of his last inventory. In the case I mentioned, the inventory was taken twenty-two months previous to the time the statement was given, and if you let a criminal lawyer, or rather, a lawyer who practices criminal law, get hold of that fact, he convinces the jury, or half-way convinces it, that the statement presented is the defendant's status at

the time he took the inventory instead of the time he gave the statement.

MR. DEMMLER, Pittsburgh.—I want to say a word for Pittsburgh—make a confession, if you please. In the beginning Pittsburgh was not in favor of this movement. We were heartily in sympathy with the motive but had not full faith in the method. Some of our members were afraid that the object to be striven for, the elimination of the criminal debtor, could not be accomplished by the

National office handling the fund.

We are not convinced of that yet, I might add, but Pittsburgh has always had a very high regard and love for the National Association and its members, as we have tried to demonstrate here this week, and we are eager to lend our assistance and cooperation to any work undertaken, especially work of such vital importance as this—the investigation and prosecution of fraudulent failures by the kind of criminals who in 1915 stole something like eleven million dollars from the business men of the country, including members of our Association, and who are responsible for about one-tenth of the bad-debt waste.

Whether the method that has been decided upon is going to be the correct method or not does not concern Pittsburgh now. The National Association has decided on a plan and Pittsburgh wants to do its share. It gives me great pleasure, therefore, to announce that Pittsburgh decided several days ago to subscribe to-day five hundred

dollars to this fund for the first year. (Applause.)

MR. KOELSCH, New York.—In behalf of New York, I will say that it never has failed to respond to any call in a worthy cause. We have subscribed to this fund with pleasure and propose in addition, if we may, to give you the benefit of our experience locally in prosecuting work. In that connection, I want to make just one suggestion to the incoming committee: If any complaint is made or filed or prosecution asked for by an individual or an association, at once a written agreement upon the part of the complainant should be made that under no circumstances will he or they withdraw without the consent of your committee and of the authorities handling the case. (Applause.)

The resolutions were adopted as read.

PRESIDENT MOORE.—We are honored in having with us a representative of the Commercial Law League of America, George Wentworth Carr, of the Philadelphia bar. (Applause.)

"SOME PROBLEMS OF THE FORWARDING BUSINESS FROM THE VIEWPOINT OF THE COMMERCIAL ATTORNEY," ADDRESS BY GEORGE WENTWORTH CARR, OF PHILADELPHIA, REPRESENTING COMMER-CIAL LAW LEAGUE OF AMERICA

Mr. Chairman and Members of the National Association of Credit Men:

As I remember those verbal bouquets which were thrown with so much profusion at the profession of the law this morning, I approach the address which I am to make this afternoon with much trepidation. I am sure there is no credit man here who would have any patience with a member of this Association who appeared before the bar associations throughout the United States and told such legal organizations that among members of your calling were many crooked men. I am sure you would say to such a man that the place to discuss crooked credit men is right here. "'Tis a filthy bird that fouls its own nest," and so I have no patience, my friends, with the lawyers who appear before you or other business organizations and publicly deride the members of their own profession—the calling which gives them a living.

If I have, as a member of that much-maligned profession, any reputation at home, I suppose it is due to the uplifting influence of the membership enjoyed by me in the Philadelphia Association of Credit Men since June 2, 1898. If it had not been for the influence of your organization, I might long ago have committed some act that would have brought me to the tender attentions of the Board

of Censors of the Law Association of Philadelphia.

Another thing that happened this morning much surprised me. A delegate from Indianapolis offered a resolution to the effect that no bankrupt should be discharged unless his estate paid at least thirty-three and one-third per cent. to his creditors. I was surprised, because only a few minutes before, you were told by another delegate that the reason estates did not pay more than thirty-three and one-third per cent. was the rapacity of the members of my own profession, and I thought it a cruel thing that a bankrupt whose estate did not pay thirty-three and one-third per cent. should be denied the right to do business in his own name when it was the lawyers who stole the estate.

With these few extemporaneous remarks, I will now proceed to the delivery of my prepared address.

I bring with me the greetings of the Commercial Law League of America, and its best wishes for the continued growth and prosperity of your Association and the health and happiness of its members.

The title of this address was provided for me by your able secretary. It reads "Some of the problems of the forwarding business from the viewpoint of the commercial attorney." In my opinion the problems under this head are caused largely by the unremunerative character of commercial practice. The credit man rightly demands honest, efficient service, but should be willing to pay for it. He can get something for nothing no more than any other man, and would not want to be compensated on any such basis. The ordinary rates for making commercial collections were no more than reasonable when adopted forty or fifty years ago, and the smaller purchasing power of the dollar today makes them wholly inadequate. When the schedule was first established, the credit man skilled in reducing bad accounts to a minimum, and collecting those which do arise, despite his care, without the assistance of counsel, was unknown.

In the good old days (for the lawyer) the creditor, after writing a few letters and sending a draft, knew no other way of collecting his claims than by sending them to his attorney. In these later days, the credit man, aided by printed forms of dunning notices, drafts, and other hair-raising devices, bearing the name of some collection agency, real or imaginary, minimizes the number of claims which ultimately reaches the lawyer. The credit man is not infrequently induced by some cut-rate agency, promising to make collections at half price, to leave the faithful, well-tried agency, notwithstanding the fact, and I assert it to be a fact, that the ordinary rates barely yield a living income. Of course, the cut-rate agency does not and cannot honestly live on any such basis, and its clients, in the long run, learn to their sorrow that an agency which keeps all the money collected is more costly in service than one that charges 10 per cent

and promptly remits the other 90 per cent.

The purchasing power of a dollar of many commodities to-day is only as great as that of sixty cents two years ago. Every manufacturer, wholesaler and retailer has justified the steady advance in the prices of his particular wares upon the ground of greater cost, but the commercial lawyer and the collection agency are expected to continue to do business upon the same old rates. During the last few years, every credit man who has invited his employer to raise his salary, based the invitation largely on the increased cost of living. The commercial lawyer, like the credit man, has to live. He and his family buy their food and raiment in the same market as the credit man, and the dealer, unfortunately for the lawyer, makes no discrimination in price in his favor. The lawyer's employees demand and receive higher pay than in former years. The manufacturer and the merchant pay a higher rent—so does the lawyer. The printer asks more, and the lawyer has to pay. In every direction the financial burden on the lawyer is steadily increasing.

You may ask, therefore, why do not the commercial lawyers and the agencies raise the rates? My answer is that they fear you will transfer your business to some one else who promises not only to adhere to the old rates, but to "shave" them, if possible. It is axiomatic that the customer who is selling below cost needs watching, and, of course, the agency that promises anything of the kind in these times expects to take advantage of you, and on the theory that the world owes it a living, will, by various artifices, compel you

to pay more in the end.

It is idle for the credit man to talk about the purification of the commercial practice, if, at the same time, he refuses to pay what the work is worth. Some credit men expect the commercial lawyer to take less for his services in litigated cases, because he has all the collections of the house, although the attorney who is employed under an annual retainer refuses to handle collections. In other words, the man who gets the skimmed milk is expected to work more cheaply than the man who is handed the cream. The lawyer who wins a commercial suit is entitled to the same compensation as the general practioner for performing like services. Unwillingness to pay for services of high quality will compel the self-respecting lawyer to retire from commercial practice, for he will not resort to deception and clandestine methods to make it pay, and his place will be taken by the very shyster at whom your shafts are directed.

The mental attitude of the credit man toward the commercial lawyer has much to do with the growing distaste of the high-type

lawyer for commercial practice. The commercial branch is as honorable as any other branch of the profession and the honest, efficient lawyer who specializes in collections is entitled to the same degree of confidence and respect from the credit man as the lawyer retained by the credit man's employer to advise him in his personal affairs. The true relationship between lawyer and client has been concisely stated as follows:

". . . a lawyer is the sworn officer of the court, and the adviser—not the servant—of his client. An appreciation of the true relationship between counsel and client will tend to bring about a feeling of mutual regard and esteem. The lawyer should not be expected to render service without a proper recompense. Readiness on the part of the credit man to recognize fully that the lawyer must be properly compensated by his client for advice and service, is essential and will tend to elevate their business and

professional relations."

Efforts to reduce the expense of bankruptcy administration by legislative or judicial mandate are based on an erroneous theory as to the causes of waste in bankrupt estates. Amendments to the bankruptcy act have been suggested, whereby lawyers are required to make affidavits denying their guilt of conduct denounced by the act, and when asking for allowances, to state in detail the services rendered and the value of each item. Lawyers who seek the cooperation of creditors to protect their client's rights and bring about the punishment of a dishonest bankrupt are now threatened with fine and imprisonment, to be followed, of course, by disbarment. If these amendments become law, the lawyer of ideals, who always places his client's interest above his own, will not practice in the bankruptcy court, and practice in that court will soon be regarded as little better than police court practice. Practice in bankruptcy will then fall to men who fear neither God nor man and are willing to make any statement or take any oath that will give them something which the law says they shall not have. With such men the rule is "the devil take the hindmost." No law can prevent the looting of estates by shyster lawyers. The courts cannot do it. The only one who can do it is the self-respecting lawyer who keeps honest and clean any case in which he is engaged.

At Rochester, in 1914, a resolution was adopted expressing your desire to cooperate with any organization of lawyers "engaged in raising the standards of the practice of law" and authorizing your president to appoint a committee to confer with such organization and to "make report from time to time upon any methods of procedure which, in the opinion of such committee, may aid in accomplishing the worthy and laudable object of making

the relation of lawyer and client better and cleaner."

At Cincinnati, in 1913, you recognized that there might be men in your own ranks, just as in the professions, including that of the law, who might occasionally need the admonition of written rules to guide their conduct, for you approved the report of the committee on commercial ethics, recommending the adoption of certain canons bearing upon the relationship of lawyer and client. In one of these canons you uttered, with a candor most pleasing to the lawyer, the

declaration that "it is improper for a business man to participate with a lawyer in the doing of an act that would be improper and unprofessional for the lawyer to do." Or, to put it in plain English, you said behind every crooked lawyer is a crooked client. The adoption of these canons impressed us of the Commercial Law League of America that your efforts were not to be confined to the reformation of others.

Nothing was done under the resolutions of 1913 until the present year, when the presidents of the two organizations appointed committees on conference. These committees met, and after the frankest exchange of views, adopted unanimously certain declarations of principles which may be summarized as follows:

That there should be cordial cooperation between the two organizations, tending to promote honesty and efficiency on the part of the commercial lawyer and fairness and decency on the part of the credit man.

That the two organizations should cooperate to eliminate the collection agency guilty of dishonest, illegal and unethical practices.

That there should be an exchange of information between the secretarial offices of the two organizations concerning dishonest and unfair attorneys, collection agencies, law lists, house agencies and credit men.

That there should be cooperation between the bankruptcy law committees of the two organizations with respect to the amending of the National Bankruptcy Act.

That cooperation between the two organizations was desirable to secure better methods in the compilation and distribution of law lists.

That the lawyer is the sworn officer of the court—and the adviser—not the servant—of his client.

That the lawyer should be properly compensated and that a recognition of this fact will tend to elevate the relations between lawyer and client.

That the practice of some business houses in maintaining a pretended collection agency in order to deprive attorneys of a part of their fees is dishonest, and should not be countenanced.

That a uniform rate for mercantile collections which would afford just compensation for the services rendered should be encouraged and its adoption would solve many of the present difficulties.

That evils exist in the legal profession, as in every other calling, no fair-minded lawyer will dispute, and the bar of the United States, recognizing that reform must come from within, and that interference from without has little influence, is seriously and consistently taking up the work of purging itself of dishonest practitioners. That the commercial bar has fallen to the low plane publicly depicted by some lawyers and is in greater need of reform than any other branch of the profession, I most emphatically deny. An experience of twenty-five years has taught me that dishonesty among commercial lawyers is comparatively rare, and few have been disbarred.

For years we have been groping in the dark to find a cure for the evils peculiar to the commercial practice of the law. Various remedies have been tried but proved worthless, and it was only recently that we began to see daylight. I am convinced that the solution of many of these problems will be found in the general acceptation, in good faith, by credit men and lawyers, of the principles of the resolutions of the conferees, a summary of which I



E. M. UNDERWOOD .
Failing-McCalman Co., Portland, Ore.
Director

have just read, among which is the affirmance of the spirit of the adage that the "laborer is worthy of his hire."

On behalf of the Commercial Law League of America I thank you for the honor of the invitation to appear before you as its representative. The Commercial Law League has a membership of forty-five hundred, of which more than 95 per cent. are lawyers who make a specialty of commercial practice, coming from every state, territory and island possession of our country and the Do-

minion of Canada. But its greatness is not to be measured by mere numerical strength, for in its ranks are some of the best commercial lawyers of the land. Among its members are presidents of state and local bar associations; judges on the bench, federal and state. and referees in bankruptcy; senators and representatives in Congress; federal and state district attorneys and legislators. It was formed twenty-one years ago, or a year before your own organization was born, for the purpose, to use an expression that frequently appears in your literature, and which I like, of making the commercial practice of the law "cleaner and more wholesome." Like credit men, commercial lawyers felt a need to commingle and exchange views on problems relating to their everyday work, and, as in your own association, that fellowship gradually subordinated selfish ambitions to the quest for better professional and business practices. At no time in its history, so much as now, has the desire been so earnest-I might almost say eager-on the part of the men through whose efforts the league was developed and has endured, to make membership in it a badge of honor to any lawyer. For years the Commercial Law League, in its efforts to improve the relationship between the commercial lawyer and his client, has sought the cooperation of the National Association of Credit Men, but these efforts were not crowned with success until this year.

In conclusion, let me say that the Commercial Law League is proud of its achievements and cooperation between the two organizations has opened the way to greater things. The Commercial Law League of America is animated by no selfish purpose in asking for your further cooperation. The lawyers in that organization love their profession and cherish its high traditions. We come to you because of our desire to work with you for the advancement of the commercial interests of our country, and that includes the betterment of commercial practice. We need you no more than you need us. Under any system that may be devised for handling commercial collections you will in the end come to the lawyer, and it is a realization of that fact that prompts the commercial lawyer to ask you to make it possible for him to serve you honestly and efficiently and not drive him out and substitute for him the shyster and his practices.

The honest commercial lawyer demands his place in the sun. (Great applause.)

Mr. Flannery, New York.—I am requested to ask Mr. Carr to kindly announce the names of the conferees of the Commercial Law League, that they may be mentioned to the assembly as well as our own members. We feel they are entitled to it.

Mr. Carr.—The conferees on behalf of the Commercial Law League of America were Albert N. Eastman, of Chicago, former president of the league; Marshall D. Wilbur, the president of the Wilbur Mercantile Agency, of Chicago; Edwin A. Krauthof, a former president of the league and former secretary of the Kansas City Credit Men's Association; Colonel H. H. Gilkyson, Phoenix-ville, Pa., and your humble servant. (Applause.)

PRESIDENT MOORE.—We will now have the roll call of the presi-

dents, and those who are present will kindly come forward as their names are called and take their places upon the platform. The secretary will call the roll of our National Presidents.

Secretary Tregoe.—Our first president, the pioneer, was William H. Preston, then of Sioux City, now of Seattle. The second president, the constructor of our organization, is James G. Cannon,

of New York City.

President Moore.—Mr. Secretary and Gentlemen of the convention, it is indeed with much regret and sorrow to those of us who know him best that we learn that Mr. Cannon at this time is ill, and through Mr. Meek, who was associated with Mr. Cannon through many years of his life, I suggest that we send to Mr. Cannon our deepest love and our hope for his very early recovery. All those who favor sending such a message through Mr. Meek will please say "Aye." It is so ordered.

SECRETARY TREGOE.—The third president, Honorable John

Field, Philadelphia, has passed away.

PRESIDENT MOORE.—In 1904, this servant of our early days passed away, and as a loving tribute to this man, foremost among the builders of the Association, kindly rise for a moment of silence. (All rise.)

SECRETARY TREGOE.—The fourth president, Elbert A. Young, of St. Paul. Now I am just a little embarrassed. The fifth president, J. H. Tregoe, your secretary-treasurer. (All rise and applaud, while band plays "He's a Jolly Good Fellow.")

PRESIDENT MOORE.—Who in his time and in his place and in his way, carved upon the future of our Association those acts and words which time shall never efface.

Secretary Tregoe.—The sixth president, Frederick W. Standart, of Denver. The seventh president, O. G. Fessenden, of New York City. Isn't Mr. Fessenden in the room?

Mr. McComas.—I move that in view of the fact that you are calling the roll, those presidents who are here be given the salute.

Secretary Tregoe.—They are coming to the platform, Mr.

McComas

The eighth president, Frank M. Gettys, of Louisville. The ninth president, F. H. McAdow, of Chicago. The tenth president, Harry New, of Cleveland. (Mr. New comes to platform.) The eleventh president, Fred R. Salisbury, of Minneapolis. The twelfth president, Charles E. Meek, of New York. (Comes to platform.) The thirteenth president, Harry G. Moore, of Kansas City. (Prolonged applause.)

I cannot recall all of the vice-presidents that we have had, but I will so far as I can, and they embrace three, exclusive of our present vice-presidents. The first and oldest that I can recall,

David S. Ludlum, of Philadelphia. (Comes to platform.)

MR. FLANNERY, New York.-Not David S. Ludlum, of Phila-

delphia-David S. Ardmore.

Secretary Tregoe.—Neither you nor I, Mr. Flannery, is right. He is a citizen by enterprise of that wonderfully thriving city of Ardmore. Pa.

The next vice-president is William A. Given, of Pittsburgh. I think he is not here. The next is Enoch Rauh, of Pittsburgh.

Now the roll has been called, and after our orchestra has entertained us, with your permission we will proceed with the awarding of the membership trophy. I have known which association was going to win that trophy since yesterday morning, so you see I am able to keep a secret. (Laughter.) I have not said a word and I have known it for thirty-six hours. Mr. Uehlinger, as chairman of Committee on Trophy Award, will come to the platform.

Mr. Uehlinger seems not to be here. I think he was compelled to leave for his home yesterday. Therefore I shall have to make

the announcement.

In the state of West Virginia, five years ago we had a total membership of less than one hundred. Two associations in that state competed very closely for this trophy. One of them on June first, 1915, had a membership of thirty-nine. On June first, 1916, it had a membership of two hundred. (Applause.) Therefore, after great deliberation, the weighing of all conditions and influenced by a desire to be fair and just, the committee has decided that this trophy should be given to the Huntington association. If, therefore, the Huntington delegation, with the best expedition that it can possibly command, will proceed here to the front of the platform, Mr. Atwood, chairman of the Membership Committee, will present the trophy.

The Huntington delegation comes to the platform.

Mr. Atwood.—The committee appointed by your president to consider the membership work of the one hundred and fourteen associations comprising our national organization, to determine which of them has accomplished the best membership results, has decided that the Huntington Association of Credit Men is entitled to highest credit, in consideration of which Huntington should be awarded and is hereby awarded the "Minneapolis Membership Trophy."

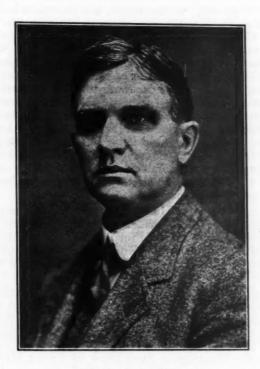
As chairman of the Membership Committee, there has been assigned to me the very pleasant duty of presenting this trophy. My work during the past year in the membership department has brought me in very close touch with the officers of the National Association and of nearly all of the officers of the local associations throughout the United States. I have been impressed as I never have been before, with the bigness of these men, and the acquaintances that I have made and the friendships that I have formed will ever be remembered by me as among the most pleasant experiences of my life.

I have been proud of the opportunity afforded me to take part in the efforts to add to the numerical strength of this organization, and I have taken a keen interest in what Huntington has done to enlarge and make stronger one link in the chain of power and

influence of the National Association of Credit Men.

The purpose of the Minneapolis Association of Credit Men in offering this trophy was not to create strife, but in the hope that it would serve to make more effective the appeals of the Membership Committee to have membership work carried on throughout the country in a systematic, continuous and aggressive way. It was offered as a stimulus to what may be considered a friendly game and I believe that it has served that purpose, that Huntington has understood it and perhaps being more keenly alive to her opportunities, more watchful of openings in the field of play, has forged ahead and reached her goal with fewer fouls than others.

The cup itself, as you see it here, is only a pile of silver and gold, though fashioned in lines of beauty, but we want you to know that it carries with it something more than its intrinsic value, that with it go the warm heart-beats of men, the men of the great Northwest, the men of Minneapolis, who live in a country where we have plenty of room to live and grow, where the men love clean sport, love a fair game, love their work and get satisfaction in performing it well.



FRED R. SALISBURY
Salisbury-Satterlee Co., Minneapolis, Minn.
Member Honorary Advisory Board

This cup bears the emblem of the National Association of Credit Men, as you see it here, carrying with it the word "Vigilantia." I do not know that I know the entire meaning that the organizers of the National Association of Credit Men had in mind, what the word "Vigilantia" was intended to convey, but I think it has one meaning which is watchfulness, a keen vigilance to head off or combat any move to tear down or undermine the foundation principles for which the Association stands—good practices in business.

Around this emblem is etched what are meant to indicate the geographical extent of activities of the National Association of Credit Men. The Statue of Liberty is etched upon the right of this emblem, representing the eastern section or quarter of our national field. The cotton fields are etched upon it for the South, the West is represented by the mountains and the North by the wheat fields.

To me, these etchings mean more than they seem. They seem to represent the words which constitute our name, the National Association of Credit Men. The Statue of Liberty is representative of the word "National," for our nation was conceived in liberty. The scene depicting the South to me seems to represent the word "Association." Chivalry, sociability, fraternity are characteristics of the South, and so this etching for the cotton fields of the South stands for association. The word-"Credit" may well be represented by this etching at the top, the wheat fields of the North, for truly our wheat fields have had a great part in our commercial development and along with commercial life has been the development of credit and the growth of confidence. And now the mountains which are etched at the left of this emblem—what could we find to typify better "Men" and what the men of this Association should be-strong, stalwart, fearless, faithful and true, standing firmly for what is right, doing right, standing as an impassable barrier to anything in our commercial life that attempts to destroy the principles for which we stand, good practices in business.

Fellow members from Huntington, take this Minneapolis trophy home with you as a tangible evidence of the regard that the men of the Minneapolis association have for the men of the Huntington association, and further, as evidence of the appreciation of the officers of the National Association and of its Membership Committee. (Applause.)

Mr. Archer, Huntington.—In behalf of the Huntington Association of Credit Men, I want to extend our thanks first to the Minneapolis association for its generosity in offering this splendid trophy; second, to the National Association of Credit Men for making this contest possible, and most of all to the splendid, loyal members of the Huntington Association of Credit Men. It is to them alone, led as they were by an unusually active and able membership committee, that we owe our success in this contest.

And in extending my thanks to the members of my own association, I would not omit extending my personal thanks to the members of our association who reside in cities and towns other than our own. We come from that section of the Ohio valley known to us as the "Tri-State" region, where the three states of Ohio, West Virginia and Kentucky converge upon the Ohio river, a region which, I may say, in the years to come will, we believe, vie with this mighty city of Pittsburgh as the "Workshop of the World." Hence, in our campaign for membership, we went to the outlying cities and towns surrounding us and to them in like measure is due the credit for the success that we have attained in this contest, and to them we also give our thanks. (Great applause.)

PRESIDENT MOORE.—We will now have the report of the Committee on Resolutions, by F. B. McComas, of California, chairman.

On motion made for adoption of each resolution by Mr. McComas and duly seconded, the following resolutions framed by the Committee on Resolutions were unanimously adopted:

I.

Whereas, The Uniform Bills of Lading Act has been enacted thus far in fourteen states and Alaska, including the more important commercial states of the Union, and

Whereas, It is of the highest importance to commerce that the protection afforded by the Uniform Bills of Lading Act to intrastate commerce should be extended to commerce between the states, and

WHEREAS, There has been introduced into the Senate of the United States a bill known as Senate Bill number 19, which is substantially the Uniform Bills of Lading Act, be it

Resolved, That the National Association of Credit Men in convention assembled endorses Senate Bill number 19, and urges upon each and every local Association and individual members of the National Association of Credit Men to communicate with their representatives and senators in Congress, and request that said bill be enacted into a law.

TT

Resolved, That this Association continues to view with complete satisfaction the record of its part in securing the passage of the Federal Reserve Act, firmly believing that the system which has been developed thereon, has given to American commerce a basis of security and protection against extremes in contraction and expansion in our banking system which, previous to the first of November, 1914, was altogether lacking, and it is the sentiment of this convention that this Association, through its banking and currency committee, should undertake to cooperate as far as opportunity may offer with the Federal Reserve Board in the development of the Federal Reserve System, particularly having in view that the Association's part is to bring about an undertstanding of the act on the part of business men and to help in the unfolding and broadening of the system under the Federal Reserve Board.

III.

Resolved, That the occasion of its twenty-first annual convention be taken again to place the National Association of Credit Men clearly and emphatically on record as favoring the steady and rapid substitution of the so-called "Trade Acceptance" for the open account and to commit the Association to earnest efforts to prevail upon the members, each to do his part in assisting the Federal Reserve Banks in building up this class of paper which meets so precisely the specifications of the Reserve Act for re-discountable credit instruments, and which, at the same time, puts commercial obligations in a form definite as to date of payment, not subject to deduction in amount and unquestionably negotiable.

IV.

Resolved, That the National Association of Credit Men does hereby express its appreciation of the difficulties which have confronted and are confronting, the Federal Reserve Banks in devising and establishing a system of exchange among our banks, which will mean large economies for our business houses all over the country, and we hereby call upon business men and bankers in general, to do all in their power to assist the Federal Reserve Banks in their efforts to remove what has been proving a heavy tax upon business transactions.

V

WHEREAS, There have been held at this convention, Sectional Trade Conferences at which were taken up questions and problems of peculiar interest to the respective lines represented, and conclusions more or less definite reached, be it

Resolved, That the committees which were in charge of these conferences be invited to report their conclusions and suggestions for new and definite activities which the Association might take up, to the Board of Directors of the National Association, in order that that body may give its full and careful consideration to all conference recommendations.

VI.

WHEREAS, Largely as a result of the experience of the banking members of the Association, in their Robert Morris Club, there has been introduced into the program of this convention, so-called Sectional Conferences covering various lines of trade represented; and

Whereas, These meetings and conferences have, without exception, proved highly interesting and brought about an exchange of views and experiences, out of which should develop better conditions and a finer sense of cooperation in these lines, be it

Resolved, That it is the sense of this convention that the sectional conference feature shall be continued and extended in the future conventions of our Association and made a permanent part of our program and further

Resolved, That the committee in charge thereof be appointed as far as possible in advance of the annual conventions.

VII.

Resolved, That it is the sense of the convention that the National Association of Credit Men should give to the Federal Trade Commission, created under the present administration, its cordial support in that which the commission is endeavoring to do to assist business to place itself in a sounder position; and especially this convention takes cognizance of the efforts of the chairman, E. N. Hurley, to impress upon our smaller business houses the fact that no business can be sound and secure which treats costs as a matter of guesswork and neglects to keep proper books of account; and further be it

Resolved, That the Association express its appreciation of the confidence which the Federal Trade Commission is reposing in

business organizations, such as our own, and of its willingness and desire to cooperate with such organizations in every direction which may mean the advancement of the country's business interests, and be it further

Resolved, That we approve the action of our officers in naming a committee to represent this Association before the Federal Trade Commission, and we do urge that this committee be requested to do all in its power to assist the commission to accomplish its highest and best purposes for the extension of our country's trade, national and international.

VIII

Resolved, That the National Association of Credit Men assembled for its twenty-first annual convention again declares that it stands unqualifiedly against the sale or transfer of accounts receivable, secretly, its conviction being that any system which encourages a debtor to secrete from his creditors any such important facts regarding the status of his affairs, as the transferring of his receivables is absolutely hostile to those principles of confidence, friendly relationship and close cooperation between debtor and creditor, which this Association was formed to bring about and for which it has contended from its beginning as essential to a stable credit system.

Resolved, That it is the duty of the Association to do all in its power to create a sentiment against the secret system of transfer of receivables and take the necessary steps to secure legislation which would make such transfer difficult and dangerous for the parties thereto.

IX.

Resolved, That this Association feels highly honored in having among those who made addresses before this convention the Honorable Thomas W. Shelton, of Virginia, chairman of the committee of the American Bar Association on the revision of judicial procedure; and be it further

Resolved, That we give our hearty approval to the suggestion of Mr. Shelton that the National Association of Credit Men use its full influence to bring about a conference composed of one judge from each state, the duty of this conference to be to develop so nearly as possible one simple method of judicial procedure, adaptable to conditions in the various states, and further, that the states be urged to make proper and sufficient financial provision to defray the expenses of its delegates.

X

Resolved, That it is a function of this Association—quite as important as to bring about a free exchange of credit information—to make cooperation in the administration of insolvent and bankrupt estates the rule among the members and among creditors generally with which the members of the Association have influence, to the end that control of insolvent and bankrupt estates may, not only in theory but actually, be with the creditors and the administration of the estates be by those best equipped by experience and best qualified,

because of interest, to direct the disposal of the assets or the recon-

struction of the business as the case may be, and be it

Resolved, That the Association bend its energies during the coming year to bring members to the view that it is as much the duty of the credit man to establish law and order in closing accounts which go wrong, as in opening and continuing sales accounts.

XI.

Resolved, By the National Association of Credit Men, in convention assembled, that local associations, each and all, be asked to give special attention during the coming year to strengthen the custom of asking and giving financial statements as a basis of credit, and lend every possible assistance to the proper committee of the National Association in its study of possible desirable changes in the uniform financial statement forms issued by the Association; and be it further

Resolved, That the convention put itself on record as in favor of the certification of financial statements by independent audit.

XII.

Whereas, The National Association of Credit Men has at various times and in many ways indicated its deep and abiding interest in improved accounting methods for retailers; and

WHEREAS, It realizes the beneficial effect of such systems in

lessening commercial mortality; and

Whereas, Certain institutions of national standing have investigated retail accounting systems and either devised or taken them

up for consideration; now, therefore be it

Resolved, That the president of this Association is hereby authorized to appoint a committee of five to ascertain the scope and extent of the work done by these institutions in this important department in the interest of better retail accounting, said committee to report to the board of directors whether or not it is desirable to offer the definite cooperation of the National Association of Credit Men in promulgating one or more of the systems devised and if so the method it seems advisable to pursue.

XIII.

WHEREAS, The practice is general in our public schools to teach the figuring of profits on the basis of cost of article instead of the selling price; and

WHEREAS, Salesmen, buyers, and storekeepers continue to figure their percentage of profit on cost and their percentage of operating expense on selling price, which erroneous system is every day causing

needless failures; therefore, be it

Resolved, That the National Association of Credit Men should lay this important matter before the National Education Association, through its Committee on Credit Education and Management at the annual meeting of the Education Association to be held in July, and urge upon that organization the necessity of taking the necessary step to correct this misleading and pernicious error in the public school system which that association stands sponsor for, and that the said association be asked to have made at the earliest

possible date the necessary changes in the text-books commonly used in our schools.

XIV.

The directory of the National Association of Credit Men has now undoubtedly become a reference directory for our members of first importance, but its usefulness is greatly diminished a few months after the issue by reason of the vast number of changes in the way of membership additions and subtractions which have taken place, so that it would be to the general interest if the directory were more nearly up to date; therefore, be it

Resolved, That the board of directors of the Association be requested to consider at its annual fall meeting, if it is not now time, to adopt the rule that the membership directory of the Association be an annual instead of a biennial publication.

XV.

Resolved, That we here and now express our heartiest appreciation to Enoch Rauh, member of the council of nine of the city of Pittsburgh; Colonel James E. Porter, president of the Pittsburgh Association of Credit Men; Charles R. Clapp, of Toledo; J. R. Paine, of Memphis; Dr. W. M. Davidson, superintendent of public instruction, Pittsburgh; E. W. McCullough, secretary, National Implement and Vehicle Manufacturing Association, of Chicago; John P. Galbraith, of St. Paul; Frank M. Gettys, of Louisville; Chas. Biggs, of New York; Hon. Joseph W. Folk, counsel, Interstate Commerce Commission, of Washington; Hon. William A. Prendergast, of New York; H. S. Gaunce, of Seattle; Hon. John A. Brashear, of Pittsburgh; Hon. Charles S. Hamlin, chairman, Federal Reserve Board, Washington; T. J. Bartlette, of New Orleans; Ira D. Hoagland, of New York; Hon. Thomas W. Shelton, of Norfolk; Hon. E. N. Hurley, chairman, Federal Trade Commission, and George Wentworth Carr, of Philadelphia, for their able, helpful, and entertaining addresses, which will take an important place in the records of the various sessions of this twenty-first annual convention.

XVI.

Resolved, That we the members of the National Association of Credit Men, assembled at this twenty-first annual convention, do take great pleasure in extending our heartiest thanks to our president, vice-presidents, secretary-treasurer, board of directors, chairman and members of the committees on credit cooperation, legislation, business literature, adjustment bureaus, mercantile agencies, banking and currency, credit department methods, membership, fire insurance, investigation and prosecution, bankruptcy law, and the special committees on credit interchange bureaus, uniform exemption laws, commercial ethics, and credit education and management, foreign credits, and commercial arbitration, for the able and conscientious manner in which they have performed the important duties which devolved upon them during the past year; and further be it

Resolved, That we are thoroughly appreciative of their excellent reports and of the part they have so well performed in making the past year one of great note in the Association's history.

XVII.

Whereas, The pleasures of our annual conventions are largely due to the privilege of association with the wives and daughters of the delegates, and

Whereas, The Ladies' Auxiliary of the Pittsburgh Association of Credit Men has spared neither time nor effort to entertain most regally the ladies of the convention, be it

Resolved, That we do by rising vote sincerely and gratefully express our appreciation of the kindly hospitality of Mrs. Robert Parker Simons and her corps of able assistants upon the entertainment committee, recognizing fully as we do their efforts in our behalf during this delightful week, a week whose pleasures will ever remain in our memories, and the spirit of whose hospitality we shall think of as always presiding triumphantly under Pittsburgh's canopy of smoke.

XVIII.

During the past four days, while we have been the guests of the Pittsburgh Association of Credit Men, we have been getting an insight into the hospitality of this great city, and have found its people as warm, generous and sincere as they have proved themselves great, industrially and commercially.

We have found a city prepared for our coming; glad we came; determined that we should enjoy her very best while here and carry away with us pleasant memories of this delightful sojourn.

The Pittsburgh association has certainly neglected nothing which might help make this convention a success. Every detail which would mean something for the smooth working of the convention or the pleasure and comfort of the guests has been worked out with infinite care, all of which has made it possible for the convention to accomplish, without hitch or annoyance, an amount of work that is unprecedented in the conventions of this Association.

It is with pleasure, therefore, that we now

Resolve, That we here express our sincere appreciation of the efforts of the Pittsburgh association in making this convention one long to be remembered for that which has been accomplished, for the opportunity for delightful fellowship and the further opportunity of becoming acquainted with this truly marvelous metropolis and the people who make it; and we further

Resolve, That we shall return to our homes, each and all cherishing within our hearts a deep sense of gratitude for all that has been done for us by the courtly president of the Pittsburgh association and that numerous body of his efficient lieutenants and men and women of the line.

XIX.

Resolved, That we extend a very special vote of thanks to that grand first citizen of Pennsylvania, the Honorable John A. Brashear, the man who exemplifies perfectly that definition of genius of Michael Angelo, the "Capacity of taking infinite pains," the man through whose genius many a chapter of thrilling interest regarding the glories of the firmament have been written for our enlightment

and the better understanding of the universe in the midst of which we dwell.

XX.

Whereas, The Daily Trade Record of New York, has, throughout the year, again devoted considerable space to the news of both the National and local associations of credit men, and to articles on various matters of interest to credit men generally, and has again reported in detail the proceedings of this convention; therefore, be it

Resolved, That the National Association of Credit Men in convention assembled, expresses its appreciation of The Daily Trade Record and the efforts of its representatives.

XXI

Resolved, That we extend to the trade reviews and the press of the country in general our appreciation of their courteous treatment in bringing before the public the purposes of this Association, and its methods of work, and particularly to the daily papers of the city of Pittsburgh we offer our acknowledgments for the prominence they have given these meetings of the Association in their columns.

XXII.

Resolved, That we express to the Boy Scouts, who have with such ready willingness and wit and such instant dispatch served us in this convention, our sincere thanks, and we offer the hope that as they proved themselves good scouts here they shall prove themselves good men in the larger service of citizenship which so soon will be unfolded to them.

XXIII.

Resolved, That we extend to the management of the William Penn Hotel a word of appreciation for the uniform courtesy which has been extended us by every member of the staff of this splendid hostelry.

XXIV.

Resolved, That we express to the Pittsburgh and Cleveland Credit Men's nines our thanks for the opportunity they have given us to show that members of the National Association of Credit Men and their ladies are genuine fans and that they know how to enjoy the great American game even when errors abound.

XXV.

Resolved, That we extend a special vote of thanks to our friends and members, The H. J. Heinz Company, for the marked hospitality which they extended every member of the Association on our recent visit to their plant.

PRESIDENT MOORE.—We have had a great year in membership. It has taken a great deal of wind out of our Minneapolis association to produce the number of memberships it has, but if you think the wind is out of Minneapolis, just note "Exhibit A."

(Minneapolis delegate comes in playing a bag-pipe.)

President Moore.—The other day we showed you the credit man who had the nerve to cut out cash discounts. To-day we show

you one who has wind to spare.

DELEGATE.—There are several reasons for that. I think I will have to give you a little more—it will do you good. When I was a slip of a boy, somewhere down in me there was a desire for music, but I was not able to gratify the wish to purchase an instrument such as I wanted, so I had to content myself with what I could buy with the limited funds at my disposal. (Plays on whistle.)

PRESIDENT MOORE.—The next order of business is the election of a president. The chair recognizes Mr. Parsons, of Salt Lake

City.

MR. PARSONS.—I arise with a feeling of extreme pleasure to the performance of a very important and responsible duty. The time has arrived for the selection of the officers to whom we shall entrust for the ensuing year the interests and welfare of this magnificent

organization, the National Association of Credit Men.

Born in Toledo in the year 1896 with a membership of six hundred only, it began its marvelous career and like other earthly creatures, began to experience the troubles attendant upon infancy. It passed successfully, however, through the stage of financial teething, measles, whooping cough and the like under the careful nursing of such men as Preston, Standart, Cannon, Young, Field, Tregoe and others, and by the time I individually became acquainted with it, it had advanced to a healthy growth and was a fairly strapping boy of about eleven years. It was then under the tutelage and control—I might say the absolute control—of the renowned Fessenden, who seemed to be the man preeminently fitted to hold in check and correct its somewhat errant and youthful tendencies.

Being thus somewhat subdued, it was then submitted to the genial Gettys, the man who wears the smile that will never come off. It was then fitted to undergo a course under the courteous and friendly McAdow. Having imbibed this good president's course, it passed into the painstaking care of the kindly Harry New, who, after imbuing it with his own personal gifts and attributes, gave it in turn to the stalwart, big-hearted Salisbury. In this state of adolescence it had now assumed, it became the charge of its long-time friend and companion, Charles E. Meek, and after his special leadership and instruction, it had so advanced that it needed but one more, Harry Moore, if you please, (Applause) to conduct it to its majority, which

hospitable city of Pittsburgh.

You can now perceive what our officers in the past have achieved. They have been men of earnest purpose, lofty ideals, honest and loyal and standing four-square to the world. The results of their labors are partially visible in the attendance upon this remarkably large convention, but the chief and the choicest results are expressed in the lofty ideals, the glorious history and the splendid traditions that have been established and maintained through the years that are past and which it should be our pride to cherish and preserve in the years to come.

it happily reached in this year of our Lord, 1916, in the great and

In this lies our responsibility. We now want a man of unflagging zeal, untiring energy, unimpeachable integrity and of unswerving

loyalty to the Association, who by long experience is qualified to render us devoted and efficient service in carrying our Association up to a fuller and riper manhood and day of fruition. Such a one I think I have found and it is his name I want to present to you as the man of the hour. While his home has always been in or near one of our great seaport cities, he has spent so many years in traveling, practically always with business as the motive, that he has



CHARLES E. MEEK
American Exchange National Bank, New York, N. Y.
Member Honorary Advisory Board

personal acquaintance with men and conditions both in our own nation and in Europe, and through his lifelong association with a house engaged in foreign trade, he has acquired an unusually ac-

curate knowledge of the business interests of Asia and the Indies. His originating faculty, combined with his ability to read character and his capacity for doing things, have raised him from the lowest to the highest position in his corporation. He has risen from office boy to president. With him the elements of success are "Think! That is what your mind is for. Do the things that can't be done. There is no pleasure that interferes with business."

His leadership is strengthened by broad experience and is recognized in his own local association of credit men and in the specific trade organizations of his line of business. He is a member of an important trust company and one of the organizers and officers of a national bank. He has long been connected with the National Association of Credit Men and in the past has contributed freely of his time and executive ability to the promotion of its objects and purposes.

In short, he is a man who has rendered service to us and one who can and will render us greater service still if you accept and elect him as your presiding officer. I have the great honor and unusual privilege of presenting to you the name of Charles D. Joyce, of Philadelphia, for president of this Association. (Prolonged applause; cheers and song from Philadelphia delegation.)

MR. SHEFFEY, Lynchburg.—On behalf of the Lynchburg delegation, I arise to second the nomination of Charles D. Joyce for president of the National Association of Credit Men, perhaps the greatest business organization in this country. I should not inflict my presence upon you again but for the fact that a member of this delegation said to me that he would be glad to have me say a word, and you know all that is necessary is to make the suggestion; besides, I will do anything that Pennsylvania wants me to do. (Applause.)

It is fitting that you should elect to-day one who comes from that city of brotherly love. This is a patriotic year. This is a patriotic convention. We are twenty-one years old to-day. It is true that no genuine American citizen can pronounce the name of Philadelphia without a thrill of patriotic fervor sweeping his entire being. There, independence was declared. There, liberty has been loved and fostered. There is love, brotherly love, and as you know, Henry Drummond and St. Paul—good judges, by the way—have said, "The greatest thing in the world is love."

It is fitting that you should elect Mr. Joyce to the presidency of this Association because of the association from which he comes. I need not speak to you of this association. It speaks for itself. Look at it, that footballist who stood in front and led that aggregation, Freas Brown Snyder, Mr. Smyth, Mr. Longacre, Mr. Teaf, Mr. Peirce, that warhorse, Mr. Levi, and the balance of them—they are a great association, and it takes a great association to produce a president of this Association, a Joyce.

It is fitting that you should elect Mr. Joyce because of the man that he is. You have witnessed his ability as a presiding officer over this convention—faithful, efficient, prompt, impartial, courteous, his work has been and will be ideal. In a word, he has been weighed in the balance and he has not been found wanting.

I have the greatest personal pleasure and honor in seconding, on behalf of the Lynchburg delegation, for president of this Association, that orator, that able executive, that faithful friend, that loving brother, that perfect gentleman, that honest man, Charles D. Joyce, of whom it can be truly said, "None know him but to love, none name him but to praise." (Applause.)

MR. PORTER, Pittsburgh.—I do not think it is necessary to do

MR. PORTER, Pittsburgh.—I do not think it is necessary to do anything further than to second the nomination of Charles D. Joyce. We are going to elect him unanimously anyway, and I do not see that it is worth while to occupy your time. On behalf of Pittsburgh

I second the nomination most heartily.

Mr. Koelsch, New York.—New York feels itself honored at this opportunity in paying a tribute to Philadelphia in seconding the nomination of the loyal son of our sister association. If I had known Mr. Joyce as many years as the Philadelphia delegates have, I could not speak higher as to his character and capacity and to point as evidence of it all, to his success and preferment in the ranks of that association, so distinguished a body.

New York heartily seconds the nomination of Mr. Joyce and is confident that when the roll is called in future conventions, his name will meet with the most cordial response and he will take his place with that distinguished list which has been called here to-day. (Ap-

plause.)

MR. WHITE, Chicago.—It affords me great pleasure, on behalf of the Chicago Association of Credit Men to second heartily the nomination of Mr. Joyce for president of this great Association.

(Applause.)

MR. MAYER, Cincinnati.—Ohio will rejoice in the election of Charles D. Joyce to the presidency of this, the greatest organization in the world—this little man, housing in his slight frame a great, big, warm, generous heart, a strong mentality, dynamic energy and a mighty driving force. On behalf of Ohio and on behalf of every man here, there and everywhere who knows him, I take infinite pleasure in seconding the nomination of Charles D. Joyce. (Applause.)

MR. SMITH, Milwaukee.-I move you that the nominations be

closed and that we elect Mr. Joyce by acclamation.

President Moore.—The secretary will have to cast the ballot first.

Mr. Wood, Detroit.—I second the motion.

PRESIDENT MOORE.—It has been moved and seconded that the nominations be now closed and that the secretary be instructed to cast the unanimous ballot of this Association for Charles D. Joyce, of Philadelphia, as president of this Association.

The motion was carried.

Secretary Tregoe.—It gives your secretary great pleasure to cast the unanimous ballot of this convention for Charles Duane Joyce, of Philadelphia, for the office of president of the National Association of Credit Men. (Applause.)

PRESIDENT MOORE.—The chair will appoint Honorable Charles Biggs, of New York, and George C. Morton, of Massachusetts, to

escort the president-elect to the platform.

Mr. Joyce comes to the platform.

President Moore.—Mr. Joyce, I take more than personal pleasure in informing you that the National Association of Credit Men has given you that distinguished honor of electing you to the presidency of this Association. It has chosen well and my heartiest congratulations are extended to the Association, knowing, as I know

you, the service that it is to be given. (Applause.)

MR. JOYCE.—In accepting the highest honor within your power to bestow, I must resort to plain, homely, wholesome language, with no attempt at oratory or originality. The sincerest thoughts come directly from the heart, and flow simply and spontaneously, and I feel, therefore, that I can best express to you my deep appreciation of this honor by saying, friends, I thank you—my friends, I thank you.

thank you.

When our work is crowned with a reward like this, we feel that our effort, spent a little here and a little there, has been shaped by an Unseen Hand, and that the sum of it all has received the

stamp of genuineness—the hallmark of your approval.

Not for a moment do I consider this great honor a personal tribute—it is, in fact, an additional pleasure for me to realize that you are honoring that great city which, by the courtesy of my local association, it is my privilege to represent in part. Philadelphia has tried faithfully and loyally to do her share in furthering the momentous work of our Association, and Philadelphia accepts your action today as an expression of your appreciation of her efforts.

Now, as president of this Association, which reaches from ocean to ocean and from the Great Lakes to the Gulf, I give my pledge to do what lies in my power to promote its efficiency.

"Let my hand keep steady And let me be ready For whatever comes my way."

Never has the world's history promised such a sudden change in affairs as lies in our immediate future. For America the signs

of the times spell "opportunity."

Now we are enjoying prosperous peace; but on the morrow, when this great European war comes to an end, the whole world will plunge into a commercial struggle, and in that war "there will be no neutral nation." If then we are not ready to win in the great competition, it will be because we are negligent now. We see before us the open door of trade. Should we fail to pass through it, our nation will stand outside, like the foolish virgins in the parable who neglected to have their lamps filled with oil.

Now is our opportunity to fill our lamps. When the great

struggle is on it will be too late. We must then be ready.

During these days when America is discussing military preparedness, it is incumbent upon us, the greatest trades organization in the world, to bring about a commercial preparedness. We may need warships; we will need merchant ships. The weight of the National Association of Credit Men must be cast upon the balance of preparedness along all trade lines. That is our especial work.

Without boastfulness we can claim a just pride in the part which we have played in placing the business of our country upon a higher ethical plane. This Association works impartially for the good of all and its efforts have constantly been, and must continue

to be, along broad and unselfish lines.

We are non-political and non-partisan, necessarily altruistic, but too practical to overlook the fact that legislation, entirely regardless of party politics, is sometimes framed to serve individual interests. The membership of this Association expects its national officers to be on guard, to follow closely legislation affecting credit and commerce, to favor zealously that which will benefit, and to oppose fearlessly all that is unfair, ill-considered or impracticable.

Our tasks and our times are the most complex that ever

confronted man.

We view with horror the holocaust in Europe; we think with trepidation on our lack of commercial and military preparedness, and we look with concern at our ever-growing book of laws—but the sun shines just as brightly and the earth is ever more fruitful than in days of old, and we will be given strength to solve our problems.

Our times are in His hand Who saith
"A whole I planned;
Man knows but part.
Trust God,
See all,
Nor be afraid."

(Great and prolonged applause.)

MR. MOORE.—Mr. Joyce, in formal acknowledgment of your election to this office, I am privileged at this time to turn over to you the rules of order. This book has not been opened this week. It comes to you with the same inscription as has been handed down from president to president, with a personal message from me to you in addition, which says, "Never ask for the 'No's' and then you will know that every question is carried." (Laughter.) And in addition thereto, sir, I am honored in handing you the gavel, the emblem of authority which has also been unused this week. (Applause.)

PRESIDENT JOYCE.—I accept this book of rules and will use it as did you—it has never been opened. I accept also this gavel and trust that I may use it as efficiently, and as fairly as did you.

(Applause.)

The chair recognizes Colonel Porter, of Pittsburgh.

MR. PORTER.—I wish to take advantage of this opportunity to express to the delegates of this convention how happy we are in Pittsburgh. If you have not been royally entertained, you have had the courtesy not to let us know anything about it, and we believe that you have been pleased.

There is one thing that I meant to say at the outset and that was that as the next meeting of the legislature of Pennsylvania, we

expect to annex Huntington, W. Va. (Applause.)

There is a committee somewhere—I have not seen them but I heard from them. It has delegated to me a very pleasant duty, and I am here to perform it. I had a really beautiful speech written for this occasion. I know it was a beautiful speech because I wrote it

You know that we elect officers year after year. We elect a president and he serves one or two years and then we place him back here with the wax-works, but the directors go on forever. Mr. Moore, this committee that I have not seen delegated to me a very important and pleasant duty. I do not know exactly why they should ask me to present you with a watch because I had the impression that you were always on time, but it appears that the committee in their wisdom thought it best to secure something of that kind for you, and I believe it is guaranteed. The works are guaranteed to last for the next fifty years, and I trust that you will outlast the works. (Applause.)

The trouble about these presidents is that about as soon as we



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get to know them and admire them and love them, they go out of office and somebody else takes their place, but I want to present you this watch and get through with this little speech, because I am so nervous that I am afraid—(Drops watch on floor, shattering it. Mr. Joyce repairs it with gavel). That was my watch, and this is the one which the committee has asked me to present. (Applause.)

MR. MOORE.—It is a wonderful thing, this man-to-man proposition, and do you know that each of you is privileged to be president of this Association? If in one word I should express to you the requirement for the position, it would be that one word—Service. The watch that I have worn for thirty years was upon my father's body when he died in the service. Service, service, efficient service, has been one of the watchwords of my administration.

Ah, there is so much work before us, and far too few who are willing to make the sacrifice for others, far too many young men

unwilling to avail themselves of the opportunity.

For the great honors that you have done me, I thank you. If I had had this watch, possibly this convention might have run on time, but I think I could have run it on time just the same with Brother Porter's watch, (Laughter) because it was not I who ran it on time, it was you. It is not your president that is making the success of this organization, it is you. Banded together in a great work, looking into the ever-ripening future, remember that I said "Thank you," and remember that I said "Service." I thank you. (Applause.)

PRESIDENT JOYCE.—Our next order of business is the nomina-

tion of first vice-president.

MR. MEEK, New York.—It has been my privilege to participate in the annual gatherings of this Association for nineteen consecutive years. I have sat with you in the audience and I have contributed my feeble part as an officer of the Association to the success of these gatherings. I have had the opportunity to observe the development of the men who came in at later periods, and I recall very well, not quite nineteen years ago, but a few years later, observing a young man with his well-covered top coming down the aisle, taking a seat in the front ranks of the organization and listening in an attentive way to the proceedings as they were carried on. He attracted my attention and I made his acquaintance at that convention and it developed into a warm friendship.

Being interested in the work of the Association through this first convention, he was placed in responsible capacities by the National Association and served it well as a member of a number of its most important committees. As a member of his local association, he progressed through the various steps of the organization until he

was elected and served as its leader.

This man has participated in every branch of the Association's work, but to my mind the most important branch of the work in which he engaged was during the last season, when he organized for the first time in his city on the part of his association a class to do educational work among the young men. This man, broad-hearted, broad-visioned, was willing to give out from the experience which he had acquired through this organization and through the pursuit of his business, was willing to give out of that knowledge and of that experience in the hope that he would help the young men of Chicago to develop so that when the time came they would step into the ranks and fill the places of the credit men who are favoring us with their appearance year by year from Chicago.

Representing the New York Credit Men's Association, and personally, it gives me a great deal of pleasure to present the name of this gentleman. Time has robbed him of the locks which I referred to before, but he has retained his vitality, his energy and his interest

in the organization; and I take great pleasure in presenting the name of a man whom I know you can rely upon as a strong, able assistant, a man whom you can call upon to do his duty at any time. I present for your consideration the name of S. J. Whitlock, of Chicago. (Applause and cheers from Philadelphia delegates.)

MR. PAINE, Memphis.—The wealth of a nation is measured not alone in dollars and cents, but above that, it is measured in the quality and calibre of its citizenship. Likewise, the strength of an association lies not in numbers, but it lies in the devotion of its members to its lofty ideals. That association, my friends, is indeed fortunate which has as a member a man of lofty ideals, a man who brings to the development of those ideals a native ability, a man, if you please, who has assumed his responsibilities and a man who has always

responded to the call of duty.

This Association has always enjoyed the confidence and respect of the right-thinking business men of this country because its affairs are conducted upon safe, sane and dignified lines, and in choosing our officers, let us pay due regard to their qualifications in that respect. I have in mind a man of that type, a man of lofty ideals, the broadening influence of whose work has spread through his local association to the National Association, both of which have felt the developing touch of his ability; a man of business preparedness; a man, if you please, who may be depended upon at all times to direct this Association along those lines which still make for constructive business development and which tend to produce better and more substantial business conditions and sounder and more enduring business principles and standards.

In some conventions it is the practice to invite nominations from cities or from states, but departing from that established practice and voicing that spirit of true Americanism which is to-day stirring the souls of our people, on behalf of this entire convention, North, East, South and West, I am delighted to second the nomina-

tion of Mr. Whitlock. (Applause.)

Mr. Petzold.—On behalf of the Detroit association and state of Michigan, I take great pleasure in seconding the nomination of Mr. Whitlock. It is with increasing interest that we have observed his development and his conscientious devotion and efforts along the Association's endeavors: Consequently it gives me great pleasure to extend the unanimous and heartiest accord of the state of Michigan to Mr. Whitlock. (Applause.)

Mr. Ellis.—On behalf of the Pittsburgh delegation and association, I heartily second the nomination of Mr. Whitlock for vicepresident of this Association. We honor him. We know he is a man whom you will all appreciate and honor as he goes along with

you. (Applause.)

MR. KENTNOR, St. Louis.—I second the nomination and move that the nominations be closed and that the secretary be instructed to cast the unanimous ballot of the convention. (Motion was seconded.)

President Joyce.—It has been moved and seconded that the nominations for first vice-presidency be closed and that the secretary be instructed to cast a unanimous ballot.

The motion was carried.

Secretary Tregoe.—It gives your secretary great pleasure to cast the unanimous ballot of this convention for Silas J. Whitlock, of Chicago, as the first vice-president of the National Association of Credit Men. (Applause.)

PRESIDENT JOYCE.—The chair appoints Mr. Levi and Mr. Sheffey to use their best efforts to induce Mr. Whitlock to come to

the platform.

Chicago delegation sings "Illinois" and Mr. Whitlock comes to

the platform.

PRESIDENT JOYCE.—Mr. Whitlock, not the least of my pleasures to-day is the instruction which I have received from this convention to inform you that you have been unanimously and enthusiastically elected first vice-president of the National Association of Credit

Men. (Great applause.)

MR. WHITLOCK.—I desire to thank you from the bottom of my heart for this token of your appreciation in the election to the first vice-presidency of this great organization. I know that this does not come alone from a personal standpoint but through the confidence which you have in the great association of Chicago, who have honored me from time to time, and whose confidence I believe I hold.

After the declaration of principles which has been given by the president and the setting forth of the platform on which he stands, it would not be necessary for me to do otherwise than accept the platform upon which our worthy president stands and give to him my best effort for this year in the carrying out of those projects

and proposals which will come before us.

You have been electrified with oratory, you have been mobilized for preparedness, you have been inspired with eloquence, and we have had four days of inspiration. The best, then, that I can offer to you is that service which is necessary to make of this organization one of the greatest of which the world knows, if not now the greatest, and I thank you from the bottom of my heart. (Applause.)

President Joyce.—Our next order of business is to receive the

nominations for second vice-president.

MR. McComas, Los Angeles.—I have been thrilled this afternoon with these flights of oratory. I am greatly impressed with the speech which has been made by your president. I have been attending these conventions for a great many years and I am perfectly

willing to go on record as saying that this is the greatest ever.

I am particularly interested, as I look into the eyes of these genial friends of mine, I say I am particularly interested in the future of this Association. I feel very keenly that big issues are before you. We have laid well the foundation, we have spent a great deal of time in organization, we are through with those petty arrangements now as to whether the lines shall be red or blue—we will pass that up to a committee. We are ready now to face the big issues, to offer advice to those who have the government of this United States in charge. To-day we listened to a speech by Mr. Hurley, who represents in my mind one of the great commissions of this country.

Now about a year ago you elected me second vice-president of this Association, an honor which I deeply appreciate, and that office has hung about me like a pleasant garment. I think I can better explain to you how I shall always feel regarding the office of second vice-president, if I ask you to imagine yourselves invited to dwell for a year, we will say, in a beautiful dwelling. You know the house is not yours, but you realize that you are the custodian of this home for at least a year. You plant a few flowers here, you train a vine, you sow a few seeds in the garden, you taste the fruit and you feel almost as if you would like to live there forever, (Laughter) but you realize that time moves on and makes changes and many things have occurred which make it necessary to make changes, and especially a change in the office of the second vice-president.

Now naturally having this tender spot in my heart for this office, I felt a strong feeling of interest in the one succeeding me, as I always shall in the future. You may not pay particular attention as you go down the line as to whom the second vice-president is, but I shall always be able to recite the list from McComas down. (Laughter.)

Having this feeling, I went on a quiet search for a man that I would feel satisfied to come in and turn over this beautiful dwelling to. I have selected a man who is tried and tested in this work. He represents, I might say, with all due respect to other associations the greatest association in the whole organization. Without proceeding further, I want to ask you to nominate my good friend, your good friend, my pal, your pal, Frank Flagg, of New York, for the office of second vice-president. (Applause and cheers.)

the office of second vice-president. (Applause and cheers.)

MR. BIGGS, New York.—I am of New York, and I know the gentleman who has been nominated and have known him for many years. I am not going to take up the time of the Association in dwelling upon the characteristics of the man. He is a man. He has wit, ability, and he has rendered service to New York and he has rendered service to the National Association. Twice has he been a director of the National Association. For two terms he has been a president of the New York association, and he has filled the position as a man should. We of New York appreciate him and know that he has done that service, and I gladly, heartily second the nomination of Frank S. Flagg for the position of second vice-president of this great Association, and if you elect him you will elect a man who will do his fair part in the service of the Association. (Applause.)

MR. KOESTER, Newark.—On behalf of the Newark association, I desire to second the nomination of Frank S. Flagg. We cannot and will not allow New York to monopolize him. Standing as we do for the only organization in the state of New Jersey, we recognize and claim him as an honored and beloved neighbor and fellow citizen. We know what he is. We know what he stands for—every attribute claimed and possessed by the National Association of Credit Men—faithful, loyal, earnest service, and on behalf of the Newark association I take pleasure in seconding the nomination of Frank S. Flagg. (Applause.)

Mr. Carnan, Baltimore.—On behalf of the Baltimore association, I take great pleasure in the privilege of seconding the nomination of Frank S. Flagg. (Applause.)

Mr. Gilster, St. Louis.—On behalf of the St. Louis delegation, I take especial pleasure in seconding the nomination of that gen-

tleman of high principles, that good friend from New York. I also move you that the nominations be now closed and that the secretary be instructed to cast a unanimous ballot in favor of Frank S. Flagg.

The motion was seconded by several and carried.

Secretary Tregoe.—It gives your secretary great pleasure to cast the unanimous ballot of this convention for Frank S. Flagg, of New York, for second vice-president of the National Association of Credit Men.

PRESIDENT JOYCE.—The chair will appoint Mr. Koelsch, of New York, and Mr. Smyth, of Philadelphia, to conduct Mr. Flagg to the platform, peaceably if possible.

Mr. Flagg comes to the platform.

PRESIDENT JOYCE.—Mr. Flagg, it is with great personal pleasure and gratitude that I am instructed by this convention to announce to you your unanimous election as second vice-president of this

Association. (Applause.)

MR. FLAGG.—No one can be more mindful than I of the solemn responsibility which any man assumes who accepts an office in this Association, nor can any one more fully than I appreciate the honor which such an act conveys. It is, therefore, with a deep sense of both the responsibility and the honor that I accept with the sincere and heartfelt thanks of a plain man the honor which you have given me, and I pledge to you my most loyal effort and the best that is in me to uphold the glorious traditions of this, our grand association. I thank you. (Applause.)

MR. SHEFFEY, Lynchburg.—It is a habit of the National Association of Credit Men to be on time. I know not why this is unless it be because we have an utter abhorrence of past-due propositions. You have the habit of giving to your retiring officers timepieces. It is, in fact, said that our former secretary-treasurer, our director, our vice-president, our former president, and now our first member of the advisory board, Charlie Meek, left his home way down east the other day to the tick-tick-tick of that grandfather's clock you gave

him out at Salt Lake City.

Now you have assigned to me the very pleasant task of giving to our retiring vice-president a timepiece which he shall in the future wear as an evidence of our appreciation and affection. It is to this man that you see sitting so quietly and so peacefully slumbering that I refer. I am not going to undertake to pull off that stunt of Colonel Porter, but will simply lay the watch down. This is the genuine article—don't knock it off, please, while I say just a word.

We have watched this man from the time he left his home in Los Angeles, the land of the angels, and traversed his way across the continent, coming through beautiful Salt Lake City, on by Denver, where he heard the war-whoop of the Indian, on by Omaha, on to Chicago, where he heard the wind sweep along that lake, on down east, where he rushed in and, Teddy-like, threw his hat into the ring and proceeded to stir up the animals. We have watched him as on he came through the Association, elected to the directorship and later on elected to the vice-presidency. We have watched him in the discharge of his offices and we have watched him to-day as he stood, having in his grasp the first vice-presidency of this Association, perhaps, and saying "No," and he meant "No," and placed

in his stead the nomination of his good friend, Frank S. Flagg, of New York; and we shall watch him as he goes back across the continent, back along those scenes which we have just tried to picture, and we shall watch him as he enters his home and shows to his loved ones and friends this slight token of our appreciation and affection.

We shall watch him in after years. We know that his life will be long and pleasant and happy. We know that in his home city he is now honored and respected. We know that he will be among those who are the advisors, the helpers of young men in the future as he has been in the past. We shall watch him ten, twenty, thirty, forty years from now—fifty, I trust, when life will be running low, and we shall watch him as the time shall come for the departure. We shall watch him as he passes down through the Valley. We shall watch him with the eye of faith as he ascends to the pearly gates and there meets St. Peter and St. Peter says, "McComas, we are glad to see you. Come right in. You are on time." (Prolonged applause.)

MR. McComas.—I feel almost like the colored fellow who was arrested for stealing a hog. He hired a good attorney and when he got through he was acquitted. He says, "Mr. Jones, how much does I owe you? You certainly is a wonderful lawyer. You done almost convinced me I never stole that hog." (Laughter.)

I remember at Salt Lake when that wonderful clock was given to Mr. Meek, and we followed the journey of that clock as it went through Denver and rattled over the rails into Kansas City and up into Salt Lake. Oh, a wonderful journey it had. Well, this watch has had almost as momentous a journey. I learned afterwards that in reality when Mr. Sheffey started to present that clock, not only had the clock never been started on the railroad, not only had the clock not been delivered to the express company, but in addition to that, the clock had then not even been bought. There was simply a resolution which he held in his hands in which they proposed to buy a clock and they proposed to give it to the express company and they proposed to put it on the railroad train and they proposed to rattle it on its way to Mr. Meek's home. I am thankful for one thing—I have my hands right here on the watch. (Applause.)

Secretary Tregoe.—The Nominating Committee makes its report and offers the following names for the directorships. There are eleven and one additional, created by the elevation of Mr. Whitlock to the official position of first vice-president. These are the names, and you will please notice that I am instructed to withdraw the name of W. M. Bonham, of Knoxville. (Reads names.)

J. L. Baldwin, Atlanta, Ga.; W. M. Bonham, Knoxville, Tenn.; J. M. Callender, Des Moines, Ia.; C. W. Carnan, Baltimore, Md.; J. G. Davis, Dallas, Texas; A. H. Dobson, Utica, N. Y.; H. L. Eisen, Milwaukee, Wis.; H. S. Gaunce, Seattle, Wash.; R. H. Gay, San Francisco, Cal.; A. E. Gilster, St. Louis, Mo.; H. H. Humphrey, Boston, Mass.; J. E. Norvelle, Huntington, W. Va.; P. E. Parrott, St. Joseph, Mo.; M. Weil, Lincoln, Neb.; A. Wolffson, Indianapolis, Ind.

I am going to announce the tellers for the election as follows: C. C. Robertson, of St. Louis; T. W. Hammond, of Buffalo; H. M.

Teaf, of Philadelphia; G. E. Chapin, of New York; J. S. Maxwell, of New York; J. S. Stewart, of Kansas City; Henry Freide, Jr., of Baltimore; H. W. Longley, of Chattanooga; C. E. Bilton, of Bridgeport; F. C. Demmler, of Pittsburgh; Oscar H. Cleveland, of Memphis; Walter Wright, of Salt Lake; H. M. Battin, of Milwaukee; C. R. Dickerson, of Chicago; I. K. Schnaitter, of Cleveland, and R. C. B. Adams, Albany.

Now, when these tellers come forward to take the ballots and distribute them, I will ask you to declare a recess until seven o'clock in this room, when we will hear the report of the tellers and the convention will be adjourned according to the constitution and bylaws. The vote will be for twelve, the one receiving the lowest number of votes filling out the unexpired term of Mr. Whitlock.

Recess.

After recess Secretary Tregoe announced the result of election

of directors as follows:

For two years: J. L. Baldwin, C. Walter Carnan, W. B. Cross, J. G. Davis, A. H. Dobson, H. L. Eisen, H. S. Gaunce, R. H. Gay, A. E. Gilster, H. H. Humphrey, Jno. E. Norvell, and for one year, P. E. Parrott.

The twenty-first annual convention of the Association was then formally adjourned.

Directory of Officers of the Affiliated Branches of the National Association of Credit Men

(Arranged Alphabetically by States)

- ALABAMA, Birmingham—Merchants' and Manufacturers' Association of Birmingham. President, R. A. Porter, Tyler Gro. Co.; Secretary, J. A. Coker, Birmingham Paper Co.; Assistant Secretary, R. H. Eggleston, Chamber of Commerce Bldg.; Manager, J. T. Slatten, 612-614 Chamber of Commerce Bldg.
- ALABAMA, Montgomery Montgomery Association of Credit Men. President, I. H. De Wees, Ballard and Ballard; Secretary, Ernest Meyer, Levy-Wolff Shoe Co.; Assistant Secretary, J. M. Holloway, Bell Bldg.
- ALABAMA, Seima—Selma Association of Credit Men. President, W. S. Monk, City National Bank; Secretary, R. S. Carothers, Selma Hdw. Co.
- ARKANSAS, Fort Smith—Fort Smith Association of Credit Men. President, W. J. Murphy, W. J. Murphy, Saddlery; Secretary, John Laws, Atkinson, Williams Hdw. Co.
- ARKANSAS, Little Rock—Little Rock Association of Credit Men. President, Sam T. Poe, Beal-McDonnell Co.; Secretary, E. H. Schmidt, 625 So. Trust Bldg.
- CALIFORNIA, Los Angeles—Los Angeles Credit Men's Association. President, F. B. McComas, Los Angeles Notion Co.; Secretary, W. C. Mushet, 512 Union League Bldg.
- CALIFORNIA, San Diego—The Credit Association of San Diego. President, Frank Nolan, Russ Lumber & Mill Co.; Secretary, Carl O. Retsloff, 607-8 Spreckles Theatre Bldg.
- CALIFORNIA, San Francisco—San Francisco Credit Men's Association. President, Robt. H. Gay, American Can Co.; Secretary, Charles T. Hughes, 433 California St.
- COLORADO, Denver Denver Credit Men's Association. President, Jas. A. McSwigan, The Crescent Mill & Elevator Co.; Secretary, S. R. Steinmetz, The Donaldson Fruit Co.; Assistant Secretary, David F. Lowe, 503 Continental Bidg.
- COLORADO, Pueblo—Pueblo Association of Credit Men, President, S. W. Pressey, Pressey Fruit Co.; Secretary, A. V. Fagerstrom, Hyde Paper Co.; Assistant Secretary, F. L. Taylor, 410 Central Block.
- CONNECTICUT, Bridgeport Bridgeport
 Association of Credit Men. President,
 Guy P. Miller, Bridgeport Brass Co.;
 Secretary, L. M. Allen, Bridgeport
 Brass Co.
- CONNECTICUT, Hartford—Hartford Association of Credit Men. President, W. H. Rourke, E. Tucker's Sons Co.; Secretary, C. de L. Alton, J. B. Williams Co., Glastonbury, Conn.

- CONNECTICUT, New Haven—New Haven
 Association of Credit Men. President,
 Ziegler Sargent, Sargent & Co.; Secretary, John R. Demarest, The Wilson
 H. Lee Co.
- DISTRICT OF COLUMBIA, Washington
 —Washington Association of Credit
 Men. President, Arthur J. May, The
 F. P. May Hdw. Co.; Secretary, R.
 Preston Shealey, Colorado Bldg.
- FLORIDA, Jacksonville Jacksonville Credit Men's Association. President, J. D. Holmes, Baker & Holmes Co.; Secretary, J. W. Pettyjohn, Covington Company.
- FLORIDA, Tampa—Tampa Association of Credit Men. President, Frank Bentley, The Bentley-Gray Dry Goods Co.; Secretary, T. S. Marshall, Citizen's Bank Bldg.
- GEORGIA, Atlanta—Atlanta Association of Credit Men. President, H. D. Carter, Dougherty-Little-Redwine Co.; Secretary, H. T. Moore, Chamber of Commerce Bldg.
- GEORGIA, Augusta—Augusta Association of Credit Men. President, A. H. Merry, Merry & Co.; Secretary, R. H. Daniel, Stovall-Pace Co.
- GEORGIA, Savannah Savannah Credit Men's Association. President, Oscar S. Kulman, American Specialty & Import Co.; Secretary, Catesby L. Jones, 301 Savannah Bank & Trust Co. Bldg.
- IDAHO, Boise—Boise Association of Credit Men, Ltd. President, John L. Hollingshead, Oakes & Co.; Secretary, D. J. A. Dirks, 216-218 Boise City Natl. Bank Bldg.
- ILLINOIS, Chicago—Chicago Association of Credit Men. President, E. J. Roberts, Chicago White Lead & Oil Co.; Secretary, Chas. R. Dickerson, 10 So. La Salle St.
- ILLINOIS, Decatur—Decatur Association of Credit Men. President, A. J. Murray, McClelland-Ward Co.; Secretary, T. G. Casley, American Hominy Co.
- ILLINOIS, Peoria—Peoria Association of Credit Men. President, A. J. Tapping, Barker & Wheeler; Secretary, R. A. Kellogg, C. E. Wheelock & Co.
- ILLINOIS, Quincy—Quincy Association of Credit Men. President, A. T. Higgins, Meyer-Reigard-Higgins Mfg. Co.; Secretary, Frank Rothgeb, Quincy Confectionery Co.
- ILLINOIS, Springfield—Springfield Association of Credit Men. President, George E. Keys, Farmers' National Bank; Secretary, George E. Lee, Jageman-Bode Co.

- INDIANA, Evansville—Evansville Association of Credit Men. President, Nestor Brentano, Southern Stove Works; Secretary, H. W. Sparrenberger, Parsons & Scoville Co.
- INDIANA, Indianapolis—Indianapolis Association of Credit Men. President, John D. Meek, Indianapolis Electric Supply Co.; Secretary, Le Roy C. Breunig, National Surety Company.
- INDIANA, South Bend—South Bend Association of Credit Men. President, A. E. Peltz, Jacobson, Peterson, Peltz & Kaufer; Secretary, R. P. Lang, South Bend Wholesale Grocery Co.
- IOWA, Cedar Rapids—Cedar Rapids Association of Credit Men. President, J. J. Nicoll, Warfield-Pratt-Howell Co.; Secretary, J. J. Lenihan, 504 Mullin Bidg.
- IOWA, Davenport—Davenport Association of Credit Men. President, George W. Noth, Davenport Bag & Paper Co.; Secretary, Isaac Petersberger, 222 Lane Bldg.
- IOWA, Des Moines—Des Moines Credit Men's Association. President, Charles A. Sayre, Des Moines Bridge & Iron Works; Secretary, Ernest R. Lucas, Schmitt & Henry Mfg. Co.
- IOWA, Sioux City—Sioux City Association of Credit Men. President R. B. Comstock, Tolerton & Warfield Co.; Secretary, W. F. Teter, 315 Trimble Bldg.
- IOWA, Waterloo—Waterloo Association of Credit Men. President, George W. Huntley, Cutler Hdw. Co.; Secretary, L. E. Peck, Waterloo Chemical Works,
- KANSAS, Wichita—Wichita Association of Credit Men. President, Harry D. Howard, Massey Iron Co.; Secretary, A. I. Powers, Cudahy Packing Co.; Assistant Secretary, M. E. Garrison, 1009 Beacon Bldg.
- KENTUCKY, Lexington—Lexington Credit Men's Association. President, M. C. Kellogg, Kellogg & Co.; Richmond, Ky.; Secretary, C. L. Williamson, 1312-15 Fayette National Bank Bldg.
- KENTUCKY, Louisville—Louisville Credit Men's Association. President, C. E. Mitchell, Peaslee-Gaubert Co.; Secretary, H. H. Ainslie, U. S. Trust Co. Bldg.
- KENTUCKY, Paducah—Paducah Association of Credit Men. President, J. M. Walton, Covington Bros. & Co.; Secretary, Frederick Speck, Paducah Iron Co.
- LOUISIANA, New Orleans—New Orleans Credit Men's Association. President, W. P. Simpson, C. T. Patterson Co., Ltd.; Secretary, T. J. Bartlette, Williams, Richardson & Co., Ltd.
- MARYLAND, Baltimore—Baltimore Association of Credit Men. President, C. Walter Carnan, Baltimore Bargain House; Secretary, S. D. Buck, 100 Hopkins Pl.
- MASSACHUSETTS, Boston Boston Credit Men's Association President, H. H. Humphrey, Brown Durrell Co.; Secretary, Herbert A. Whiting, 77 Summer St.

- MASSACHUSETTS, Springfield—Springfield Credit Men's Association. President, O. E. Doty, Third National Bank; secretary, L. E. Herrick, Victor Sporting Goods Co.
- MASSACHUSETTS, Worcester-Worcester Association of Credit Men. President, Henry H. Knapp; Secretary, Horatio M. Richardson, Eastern Bridge & Structural Co.
- MICHIGAN, Detroit—Detroit Association of Credit Men. President, O. A. Montgomery, Larned, Carter & Co.; Secretary, Frank R. Hamburger, 1032 Dime Bank Bldg.
- MICHIGAN, Grand Rapids—Grand Rapids Credit Men's Association. President, H. C. Rindge, Rindge-Kalmbach-Logie Co., Ltd.; Secretary, Walter H. Brooks, 537 Michigan Trust Bldg.
- MICHIGAN, Saginaw—Saginaw-Bay City Association of Credit Men. President, H. H. Bartling, Bay City Grocery Co.; Secretary, Frank Day Smith, 315 Bearinger Bldg.
- MINNESOTA, Duluth—Duluth Association of Credit Men. (Duluth-Superior.) President, Mark Baldwin, Bridgeman, Russell Co.; Secretary, W. O. Derby, Manhattan Bldg.
- MINNESOTA, Minneapolis Minneapolis Association of Credit Men. President, F. B. Atwood, Forman-Ford Co.; Secretary, W. O. Hawkins, McClellan Paper Co.
- MINNESOTA, St. Paul—St. Paul Association of Credit Men. President, H. E. Engstrom, G. Sommers & Co.; Secretary, Wm. D. Fritz, St. Paul Rubber Co.
- MISSOURI, Kansas City—Kansas City Association of Credit Men. President, E. L. McClure, Maxwell-McClure-Fitta D. G. Co.; Secretary, Marvin Orear, 406-7-8 New England Bldg.
- MISSOURI, St. Joseph—St. Joseph Credit Men's Association. President, W. A. Masters, John S. Brittain Dry Goods Co.; Secretary, M. A. Myers, Wyeth Hdw. & Mfg. Co.
- MISSOURI, St. Louis—St. Louis Association of Credit Men. President, W. J. Burton, Frank Adam Electric Co.; Secretary, C. P. Welsh, 333 Boatmen's Bank Bldg.
- MONTANA, Billings Billings Credit Men's Association. President, Leslie R. Miller, Russell-Miller Milling Co.; Secretary, H. C. Stringham, Electric Bidg.
- MONTANA, Butte Butte Association of Credit Men. President, A. J. Kneivel, Butte Potato & Produce Co.; Secretary, R. A. Kunkel, Daly Bank & Trust Co.; Assistant Secretary, R. E. Clawson, Ind. Telephone Bldg.
- MONTANA, Great Falls—Northern Montana Association of Credit Men. President, C. E. Heisey, Heisey Gro. Co.; Secretary, J. J. Flaherty, Great Falls Paper Co.

- NEBRASKA, Lincoln Lincoln Credit Men's Association, President, E. W. Nelson, Rudge & Guerzel Co.; Secretary, H. T. Folsom, Union Coal Co.
- NEBRASKA, Omaha—The Omaha Associaation of Credit Men. President, B. A. Wilcox, Omaha Natl. Bank; Secretary, A. B. Palmer, Omaha Crockery Co.
- NEW JERSEY, Newark—Newark Association of Credit Men. President, Arthur B. Underwood, Riley-Klotz Co.; Secretary, Harry I. Hunt, Room 906, 671 Broad St.
- NEW YORK, Albany—Albany Association of Credit Men. President, Reuel C. B. Adams, National Commercial Bank; Secretary, John Eberle, Hoy & Company.
- NEW YORK, Buffalo—Buffalo Association of Credit Men. President, T. W. Hammond, Sizer Forge Co.; Secretary, Harry R. Bridgman, 1001 Mutual Life Bldg.
- NEW YORK, New York—New York Credit Men's Association. President, W. F. H. Koelsch, Bank of the United States; Secretary, A. H. Alexander, 320 Broadway.
- NEW YORK, Rochester—Rochester Association of Credit Men. President, Frederick W. Reidenbach, Coates, Bennett & Reidenbach; Secretary, Edward Weter, Yawman & Erbe Mfg. Co.
- NEW YORK, Syracuse—Syracuse Association of Credit Men. President, R. B. Roantree, Benedict Mfg. Co.; Secretary, H. B. Buell, Vinney Bldg.
- NEW YORK, Utica—Utica Association of Credit Men. President, Irving L. Jones, International Heater Co.; Secretary, John G. Duffy, Utica Chamber of Commerce.
- NORTH CAROLINA, Wilmington-Wilmington Association of Credit Men. President, M. W. Jacobi, N. Jacobi Hardware Co.; Secretary, Louis Goodman, Bureau of Credits.
- NORTH DAKOTA, Fargo—Fargo Association of Credit Men. President, W. W. Bmith, North Dakota Harness Co.; Serretary, H. L. Loomis, N. W. Mutual Savings & Loan Assn.
- NORTH DAKOTA, Grand Forks—Grand Forks Association of Credit Men. President, C. O. Hagen, Grand Forks Mercantile Co.; Secretary, S. H. Booth, Congress Candy Co.
- OHIO, Cincinnati—Cincinnati Association of Credit Men. President, J. E. Mc-Clain, Jos. R. Peebles Sons Co.; Secretary, J. L. Rickey, 631-2 Union Trust Bldg.
- OHIO, Cleveland—Cleveland Association of Credit Men. President, William Tonks, First National Bank; Secretary, A. F. Ingersoll, 326 Engineers Bldg.
- OHIO, Columbus—Columbus Credit Men's Association. President, C. W. Hammond, Avery-Loeb Elec. Co.; Secretary, Benson G. Watson, 41:420 The New First National Bank Bldg.

- OHIO, Dayton—Dayton Association of Credit Men. President, Geo. B. Smith, The Kinnard Mfg. Co.; Secretary, J. Q. A. Johnson, Jr., U. B. Bidg.
- OHIO, Toledo—Toledo Association of Credit Men. President, Charles R. Clapp, National Supply Co.; Secretary, Fred A. Brown, 1040 Nicholas Bldg.
- OHIO, Youngstown—Youngstown Association of Credit Men. President, M. I. Arms, 2d, The Republic Rubber Co.; Secretary, W. C. McKain, 1106-7 Mahoning National Bank Bldg.
- OKLAHOMA, Oklahoma City—Oklahoma City Association of Credit Men. President, L. M. Farnum, Ridenour, Baker Merc. Co.; Secretary, E. C. Smith, 1217 Concord Bildg.
- OREGON, Portland—Portland Association of Credit Men. President, B. M. Denison, Albers Bros. Milling Co.; Secretary, P. L. Bishop, Lang & Co.
- PENNSYLVANIA, Allentown—Lehigh Valley Association of Credit Men. President, Arjay Davies, The H. G. Tombler Grocery Co., Easton; Secretary, E. V. Ryan, 402 Hunsicker Bldg.
- PENNSYLVANIA, New Castle—New Castle Association of Credit Men. President, John B. Offutt, New Castle Notion Co.; Secretary, Roy M. Jamison, 509 Greer Block.
- PENNSYLVANIA, Philadelphia—Philadelphia Association of Credit Men. President, George Masters, Masters & Hoffman; Secretary, David A. Longacre, Room 801, 1011 Chestnut St.
- PENNSYLVANIA, Pittsburgh—Pittsburgh Association of Credit Men. President, James E. Porter, Firth Sterling Steel Co., McKeesport, Pa.; Secretary, A. C. Ellis, Renshaw Bldg.
- PENNSYLVANIA, Wilkes-Barre—Wilkes-Barre Association of Credit Men. President, J. Frank Hart, Hart, Lee Co.; Secretary, Geo. H. McDonnell, 1222 Miners Bank Bldg.
- RHODE ISLAND, Providence—Providence Association of Credit Men. President, George W. Gardiner, Union Trust Co.; Secretary, F. A. Cushing, 16 Hamilton St.
- SOUTH CAROLINA, Columbia—Columbia Association of Credit Men. President, E. N. Joyner, Southern States Supply Co.; Secretary, R. W. Holcomb, Chamber of Commerce.
- SOUTH CAROLINA, Greenville—Greenville Association of Credit Men. President, D. C. Durham, Gilreath & Durham Co.; Secretary, Albert S. Johnstone, Chamber of Commerce.
- SOUTH DAKOTA, Sioux Falls—Sioux Falls Association of Credit Men. President, A. R. Fellows, Brown Drug Co.; Secretary, Harry Pomeroy, Sioux Falls Paper Co.
- TENNESSEE, Chattanooga—Chattanooga
 Association of Credit Men. President,
 F. L. Underwood, Hamilton Trust &
 Savings Bank; Secretary, H. W. Longgley, Chattanooga Wheelbarrow Co.

- TENNESSEE, Johnson City—Johnson City Association of Credit Men. President, Thos. B. Wolfe, Model Mill Co.; Secretary, Nat. G. Taylor, Summers-Parrott Hdw. Co.
- TENNESSEE, Knoxville—Knoxville Association of Credit Men. President, W. M. Honham, C. M. McClung & Co.; Secretary, W. A. DeGroat, Anderson-Dulin-Varnell.
- TENNESSEE, Memphis—Memphis Association of Credit Men. President, Jos. H. Mangum, Pidgeon-Thomas Iron Co.; Secretary, Oscar H. Cleveland, Business Men's Club Bldg.
- TENNESSEE, Nashville—Nashville Credit Men's Association. President, H. T. Hill, Gray & Dudley Hdw. Co.; Secreretary, Chas. H. Warwick, 1222 Stahlman Bldg.
- TEXAS, Austin—Austin Association of Credit Men, President, A. J. Eilers, McKean-Eilers Co.; Secretary, R. L. Bewley, P. O. Box 1075.
- TEXAS, Dallas—Dallas Association of Credit Men. President, C. E. Burbridge, John Deere Plow Co.; Secretary, J. S. Covert, Sherwin-Williams Paint Co.
- TEXAS, El Paso— El Paso Association of Credit Men. President, Claiborne Adams, El Paso Grain and Milling Co.; Secretary, S. W. Daniels, 307 City National Bank Bldg.
- TEXAS, Fort Worth—Fort Worth Association of Credit Men. President, Fred Largent, Nash Hdw. Co.; Secretary, Geo. Q. McGown, McGown, Murphy & McGown.
- TEXAS, Houston—Houston Association of Credit Men, President, Fred Autrey, Desel-Boettcher Co.; Secretary, F. G. Masquelette, F. G. Masquelette & Co.
- TEXAS, San Antonio—San Antonio Association of Credit Men. President, George T. Allensworth, Allensworth-Carnahan Co.; Secretary, Arthur Storms, Pioneer Flour Mills; Manager, Henry A. Hirshberg, Chamber of Commerce.
- UTAH, Salt Lake City—Utah Association of Credit Men. President, Arthur Parsons, 82 Quince St.; Assistant Secretary, Walter Wright, P. O. Box 886.
- VERMONT, Burlington—Vermont Association of Credit Men. President, F. E. Kimball, Spalding & Kimball; Secretary, H. S. Howard, Howard's Insurance Agency.
- VIRGINIA-TENNESSEE, Bristol—Bristol Association of Credit Men. President, F. C. Newman, King Bros. Shoe Co.; Secretary, J. O. Simpkiss, Bristol Ice Cream Co.
- VIRGINIA, Lynchburg—Lynchburg Credit Men's Association. President, J. L. Caskie, Watts Bros. & Co.; Secretary, Harry H. Brown, Craddock-Terry Co.
- VIRGINIA, Norfolk—Norfolk-Tidewater Association of Credit Men. President, H. G. Barbee, Harris Woodson, Barbee Co.; Secretary, C. L. Whichard, Whichard Bros. Co.; Assistant Secretary, Shelton N. Woodard, 1210 National Bank of Commerce Bldg.

- VIRGINIA, Richmond—Richmond Credit Men's Association. President, C. S. Fensom, Watkins-Cottrell Co.; Secretary, Jo Lane Stern, 905 Travelers' Insurance Bldg.
- VIRGINIA, Roanoke—Roanoke Association of Credit Men. President, G. G. Moore, Nelson Hdw. Co.; Secretary, B. A. Marks, W. C. Jones & Co.
- WASHINGTON, Seattle—Seattle Association of Credit Men. President, H. F. Potter, Crane Co.; Secretary, R. A. Wright, H. J. Heinz Co.
- WASHINGTON, Spokane—Spokane Merchants' Association, President, R. O. McClintock, McClintock-Trunkey Co.; Secretary, J. B. Campbell, Old National Bank Bldg.; Assistant Secretary, James D. Meikle.
- WASHINGTON, Tacoma—Tacoma Association of Credit Men. President, H. B. Clark, John B. Stevens & Co.; Secretary, R. D. Simpson, Tacoma Bldg.
- WEST VIRGINIA, Bluefield-Graham—Bluefield-Graham Credit Men's Association. President, George Phillips, Wright Milling Co.; Secretary, P. J. Alexander, Flat Top Gro. Co., Bluefield, W. Va.
- WEST VIRGINIA, Charleston—Charleston Association of Credit Men. President, R. E. L. Ruffner, Ruffner Bros.; Secretary, Okey Johnson, Abney-Barnes Co.
- WEST VIRGINIA, Clarksburg—Central West Virginia Association of Credit Men. President, W. T. Wallis, Hornor-Gaylord Co.; Secretary, Bert Evans, 410 Union National Bank Bldg.
- WEST VIRGINIA, Huntington—Huntington Association of Credit Men. President, Robert L. Archer, First National Bank; Secretary, H. S. Ivie, Huntington Wholesale Grocery Co.
- WEST VIRGINIA, Parkersburg—Parkersburg-Marietta Association of Credit Men. President, T. E. Graham, Graham-Bumgarner Co.; Secretary, H. W. Russell, Rectory Bldg.
- WEST VIRGINIA, Wheeling—Wheeling Association of Credit Men. President, W. C. McGregor, H. P. McGregor Co.; Secretary, John E. Schellhase, Room 8, Market Auditorium.
- WISCONSIN, Fond du Lac—Fond du Lac Association of Credit Men. President, E. P. Hutchins, Boex-Holman Co.; Secretary, A. P. Baker, 91-93 South Mair St.
- WISCONSIN, Green Bay Wholesale Credit Men's Association of Green Bay. President, Wm. P. Brenner, Brenner Candy Co.; Secretary, J. V. Rorer, 129 So. Washington St.
- WISCONSIN, Milwaukee—Milwaukee Association of Credit Men. President, Frank G. Smith, The Frank G. Smith Co.; Secretary, H. M. Battin, 610 Germania Bldg.
- WISCONSIN, Oshkosh—Ohskosh Association of Credit Men. President, Erle Thompson, Paragon Oil & Supply Co.; Secretary, Chas. D. Breon, 83 Monument Sq.

Directory of Adjustment Bureaus Conducted by Local Credit Men's Association

Communications Should Be Addressed to the Parties Named Below, with Title Indicated.

California, Los Angeles, F. C. De Lano, Mgr., Higgins Bldg.
California, San Diego, Carl O. Retsloff, Mgr., 607-608 Spreckles' Bldg.
California, San Francisco, C. T. Hughes, Mgr., 521 Insurance Exchange Bldg.
Colorado, Pueblo, F. L. Taylor, Mgr., 410 Central Block.
Connecticut, New Haven, Adjustment Committee, Clarence W. Bronson, 129 Church St.
District of Columbia, Washington, R. Preston Shealey, Mgr., Colorado Bldg.
Florida, Jacksonville, H. Lyle, Mgr., 506 Dyal-Upchurch Bldg.
Florida, Tampa, T. S. Marshall, Citizens' Bank Bldg.
Georgia, Atlanta, R. C. Patterson, Mgr., 304 Chamber of Commerce Bldg.
Georgia, Augusta, H. M. Oliver, Mgr., Johnson Bldg.
Georgia, Savannah, Giraed M. Comen, Secy., Savannah Salvage & Adjustment Burcau,
Germania Bank Bldg.
Idaho, Boise, D. J. A. Diers, Mgr., 305 Idaho Bldg. Georgia, Savannah, Girard M. Cohen, Secy., Savannah Salvage & Adjustment Burgau, Germania Bank Bldg.

Idaho, Boise, D. J. A. Diress, Mgr., 305 Idaho Bldg.

Illinois, Chicago, M. C. Rasmussen, Mgr., 10 S. La Salle Street.

Illinois, Decatur, C. A. McMillen, 400 Milliken Bldg.

Indiana, Indianapolis, W. E. Balch, Mgr., 7th Floor News Bldg.

Iowa, Cedar Rapids, J. J. Lenhan, Mgr., Luberger & Lenhan.

Iowa, Davenport, Isaac Perefessergers, Mgr., 222 Lane Bldg.

Iowa, Des Moines, A. W. Brett, Mgr., 708 Youngman Bldg.

Iowa, Sioux City, K. G. Silliman, 315 Trimble Bldg.

Kentucky, Lexington, C. L. Williamson, Mgr., 45 U. S. Trust Co. Bldg.

Kentucky, Lexington, C. L. Williamson, Mgr., 45 U. S. Trust Co. Bldg.

Louisiana, New Orleans, E. Pillsbury, Supt., 608 Canal, Louisiana Bank Bldg.

Maryland, Baltimore, S. D. Buck, Mgr., 100 Hopkins Place,

Massachusetts, Boston, H. A. Whiting, Secy., 77 Summer Street.

Michigan, Grand Rapids, Walter H. Brooks, 537 Michigan Trust Bldg.

Michigan, Saginaw-Bay City, Frank Day Smith, Secy., 315 Bearinger Bldg., Saginaw.

Minnesota, Duluth, W. O. Derry, Mgr., 624 Manhattan Bldg.

Minnesota, Minneapolis, J. P. Galbraith, Mgr., 241 Endicott Bldg., St. Paul.

Minnesota, Minneapolis, J. P. Galbraith, Mgr., 241 Endicott Bldg.

Missouri, Kansas City, M. L. Orrar, Mgr., 624 Manhattan Bldg.

Missouri, Kansas City, M. L. Orrar, Mgr., 241 Endicott Bldg.

Missouri, Kansas City, M. L. Orrar, Mgr., 241 Endicott Bldg.

Missouri, Kansas City, M. L. Orrar, Mgr., 241 Endicott Bldg.

Missouri, Kansas City, M. L. Orrar, Mgr., 241 Endicott Bldg.

Missouri, Kansas City, M. L. Orrar, Mgr., 1001 Mutual Life Bldg.

New York, Buffalo, W. B. Grandison, Mgr., 1001 Mutual Life Bldg.

New York, Buffalo, W. B. Grandison, Mgr., 1001 Mutual Life Bldg.

New York, Central New York Credit and Adjustment Bureau, Inc., H. B. Buell, Mgr., Syracuse.

Ohio, Cincinnati, John L. Richey, Secy., 631 Union Trust Bldg. New York, Buffalo, W. B. Grandison, Mgr., 1001 Mutual Life Bldg.
New York, Central New York Credit and Adjustment Bureau, Inc., H. B. Buell, Mgr., Syracuse.
Ohio, Cincinnati, John L. Richey, Secy., 631 Union Trust Bldg.
Ohio, Cicveland, T. C. Kriler, Commissioner, 236 Engineers Bldg.
Ohio, Columbus, B. G. Watson, Mgr., 411 The New First National Bank Bldg.
Ohio, Youngstown, W. C. McKain, Mgr., 106 Mahoning National Bank Bldg.
Ohio, Youngstown, W. C. McKain, Mgr., 1106 Mahoning National Bank Bldg.
Oklahoma, Oklahoma City, Eugene Miller, Mgr., 1217 Colcord Bldg.
Oregon, Portland, B. K. Rnaff, Mgr., 1216 Maloning National Bank Bldg.
Oklahoma, Oklahoma City, Eugene Miller, Mgr., 1217 Colcord Bldg.
Pennsylvania, Allentown, Lehigh Valley Association of Credit Men, E. V. Ryan, Secy., 402 Hunsicker Bldg.
Pennsylvania, Pikisurgh, A. C. Ellis, Mgr., Renshaw Bldg.
Pennsylvania, Pikisurgh, A. C. Ellis, Mgr., Renshaw Bldg.
Pennsylvania, Wilkes Barre, G. H. McDonnell, Secy., 1222 Miner's Bank Bldg.
Tennessee, Chattanooga, J. H. McCallum, Mgr., Hamilton National Bank Bldg.
Tennessee, Memphis, Oscar H. Cleveland, Mgr., Business Men's Club Bldg.
Tennessee, Nashville, Chas, H. Warwick, Mgr., 1222 Stahlman Bldg.
Texas, Houston, F. G. Masquelette, 1117 Union National Bank Bldg.
Texas, Houston, F. G. Masquelette, 1117 Union National Bank Bldg.
Texas, San Antonio, Henry A. Hirshberg, Mgr., 1411 Walker Bank Bldg.
Virginia, Norfolk, Shelton N. Woodard, Mgr., 611 National Bank Bldg.
Washington, Sochae, I. B. Campell, Mgr., 1411 Walker Bank Bldg.
Washington, Sochae, I. B. Campell, Mgr., 1220 Old National Bank Bldg.
Washington, Tacoma, W. W. Keyes, Mgr., 905 Travelers' Insurance Bldg.
Washington, Tacoma, W. W. Keyes, Mgr., 802 Tacoma Bldg.
West Virginia, Parkersburg, H. W. Russell, Mgr., Rectory Bldg.
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